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BOYD GROUP INCOME FUND

2005 Annual Report

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2005 REPORT TO UNITHOLDERS

December 31, 2005

To our Unitholders,

The Boyd Group Income Fund ("the Fund") experienced a challenging year in 2005 as the prolonged slowdown in the North American auto collision repair industry and the strengthening Canadian dollar continued to negatively impact our financial performance. With 2005 revenue and distributable cash well below our expectations, we had to make the difficult decision to temporarily suspend monthly distributions to our unitholders. The suspension of distributions became effective following the December 23, 2005 payment of distributions to unitholders of record as of November 30, 2005.

After a great deal of consideration by the Trustees of the Fund and the Boyd Group management team, it was determined that a suspension of distributions was in the best long term interests of our unitholders, as it will allow us to strengthen our balance sheet and improve our financial flexibility, while we continue to focus on optimizing the performance of our collision repair centres. Taking into account all of the information that we were aware of with regard to our business, we carefully considered the option of reducing distributions as opposed to a temporary suspension and it was concluded that in order to expedite the desired balance sheet improvements, a temporary suspension of distributions represented the most appropriate course of action. It is our intention to resume distributions at the appropriate time.

Financial Results

Distributable cash generated for the year ended December 31, 2005 totalled \$7.4 million, while total distributions paid out amounted to \$9.2 million for the year, representing a payout ratio of approximately 124 percent.

Revenue for the year ended December 31, 2005, increased 12.5 percent to \$187.7 million from \$166.9 million in 2004, after adjusting 2004 for discontinued operations during 2005 and 2004, primarily as result of acquisition growth and new repair centre start-ups. On the assumption that \$5.5 million in Gerber Group sales for the month of January 2004 had been included in our consolidated 2004 sales, our same store sales in 2005 declined on a pro forma basis by \$6.9 million or 4.1% compared to 2004. The impact of foreign currency translation attributable to sales generated from our U.S. operations represented a \$7.8 million decline or more than the overall same store sales decrease. Excluding the effects of currency translation and acquisition growth, overall same store sales increased \$0.9 million or 0.5%.

On a segmented basis, our sales in Canada in 2005 increased to \$60.9 million from \$56.5 million in 2004. More than half of the sales growth in Canada, or \$2.6 million, was due to new sales from acquisitions. This acquisition growth was supplemented by same store sales increases in Canada of \$1.9 million or 3.4% for the year. Our U.S. sales totalled \$126.8 million for the year ended December 31, 2005, compared to \$110.4 million in the prior year. Sales in the U.S. included new sales, in the amount of \$19.7 million, related to acquisitions, new start-up locations, and new auto glass repair and replacement revenues generated in our Arizona, Georgia, Nevada and Washington locations, utilizing the synergies of the Globe Amerada Glass Network referral network, which we acquired in January 2005 and have renamed Gerber National Glass Services ("GNGS").

Net earnings for the year ended December 31, 2005, after giving effect to the non-controlling interest, and after discontinued operations, decreased to \$1.1 million or \$0.11 per fully diluted unit and Class A share, compared to \$1.7 million or \$0.16 per fully diluted unit and Class A share in 2004.

Looking Ahead

Our primary near term objective is to optimize the performance of our existing collision repair centres by capitalizing on opportunities to maximize our capacity utilization and leverage fixed costs. A prime example of this initiative is our rollout of auto glass repair and replacement services throughout our U.S. operations, which is now supported by our GNGS auto glass referral network.

Based on current financial performance, and the future potential financial impact of recently announced Direct Repair Program changes, we do not anticipate reinstating distributions within the next 12 to 18 months. Instead, we will use cash flow from operations to strengthen our balance sheet. At the end of this time period, or sooner if we experience meaningful improvement in our financial performance, we would expect to resume distributions at conservative and sustainable levels.

On behalf of our Board of Trustees and employees, thank you for your continued support.

Sincerely,

Terry Smith
Chief Executive Officer

Management's Discussion & Analysis

OVERVIEW

Boyd Group Income Fund (the "Fund"), through its operating company, The Boyd Group Inc. ("Boyd" or the "Company") and its subsidiaries, is the largest operator of automotive collision repair service centres in Canada and is among the largest multi-site collision repair companies in North America, currently operating locations in the four western Canadian provinces and six U.S. states. Boyd carries on business in Canada under the trade names "Boyd Autobody & Glass" and "Service Collision Repair Centre". In the U.S., following the acquisition of The Gerber Group, Inc. ("Gerber") in 2004, Boyd operates primarily under the "Gerber Collision & Glass" and "Gerber National Glass Services" names.

Boyd provides collision repair services to insurance companies, individual vehicle owners, as well as fleet and lease customers, with a high percentage of the Company's revenue being derived from insurance-paid collision repair services. In Canada, government-owned insurers operating in Manitoba, Saskatchewan and British Columbia, dominate the insurance-paid collision repair markets in which they operate. In the U.S. and Canadian markets, other than Manitoba and Saskatchewan, private insurance carriers compete for consumer policyholders, and in many cases significantly influence the choice of collision repairer through Direct Repair Programs ("DRP's").

The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN. The Fund's consolidated financial statements as well as Annual Information Form have been filed on SEDAR at www.sedar.com.

The following review of the Fund's operating and financial results for the year ended December 31, 2005, including material transactions and events up to and including March 22, 2006, as well as management's expectations for the year ahead should be read in conjunction with the annual audited consolidated financial statements of Boyd Group Income Fund for the year ended December 31, 2005 included on pages 43 to 74 of this report.

Significant Events

A summary of significant events and corporate initiatives during and subsequent to 2005 which had, and which will continue to have an impact on the Fund's financial results and financial position include:

- On January 1, 2005, acquiring 100% of the shares of Abbotsford Auto Body Ltd., a single location repair facility located in Abbotsford, British Columbia. The acquisition was funded through a combination of trust units and supplier funding;

- On January 1, 2005, purchasing the business assets of Automation Paint & Body, located in Calgary, Alberta, funded by supplier funding;

- On January 28, 2005, acquiring certain assets of the network division of Globe-Amerada Glass Company, based in the Chicago, Illinois area. The purchase was funded through a combination of cash from reinvestment programs, trust units, supplier loans and a five year note held by Globe-Amerada Glass Company. During the third quarter of 2005, the name of the business was changed from Globe Amerada Glass Network to Gerber National Glass Services ("GNGS"). GNGS is an auto glass repair and replacement referral business with affiliated service providers throughout the United States;

- Beginning April 1, 2005, launching auto glass repair and replacement services in the Arizona, Nevada, Washington and Georgia markets utilizing the synergies of GNGS and the Illinois glass repair and replacement operations;

- On May 12, 2005, reducing monthly distributions from $0.095 per unit to $0.0583 per unit. On an annualized basis, this represented a reduction in distributions from $1.14 per unit, per year to $0.70 per unit, per year;

- Completing the development of two collision repair facilities initiated during 2004 in the Chicago metropolitan area. The two facilities commenced operations on March 1 and May 1, 2005;

- Commencing operations on June 1, 2005 in a new 2005 facility located in the Chicago metropolitan area, following the acquisition of the business assets of Orland Park Auto Body on May 16, 2005. The acquisition was funded by supplier

funding. Three additional repair facilities, one located in Renton, Washington, one in Tacoma, Washington and one in Scottsdale, Arizona, are expected to commence operations during the first quarter of 2006;

- On November 30, 2005, commencing with the Fund's December 2005 distribution payment, electing not to make any equity available under the Fund's Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan ("DRIP") until further notice;

- On December 15, 2005, temporarily suspending cash distributions to unitholders until further notice, following the December 23, 2005 payment to unitholders of record on November 30, 2005;

- On February 14, 2006, finalizing new arrangements with trading partners to exclusively purchase paint products on a long-term basis. These new arrangements replace those existing at December 31, 2005;

- On February 14, 2006, obtaining, and fully drawing down, a new, long-term debt facility for $13 million U.S. with a U.S. bank, using the majority of the proceeds to repay trading partner acquisition loan facilities and U.S. capital leases existing at December 31, 2005;

- On February 14, 2006, prepaying $1.8 million U.S. of existing bank debt held by the Fund's senior lenders and amending its senior credit facilities to increase the Fund's operating line from $10 million to $12 million.

Selected Annual Information

The following table summarizes selected financial information for the Fund over the prior three years:

($000's, except per unit figures)	December 31 2005	December 31 2004	December 31 2003
Sales	187,740	166,913	120,455
Net earnings from continuing operations	1,206	2,803	1,813
Basic earnings per unit from continuing operations	0.125	0.401	0.442
Diluted earnings per unit from continuing operations	0.123	0.310	0.240
Net Earnings	1,051	1,679	1,314
Basic earnings per unit	0.109	0.240	0.305
Diluted earnings per unit	0.107	0.159	0.142
Total assets	103,963	100,614	69,447
Total long-term financial liabilities	38,428	38,009	27,951
Cash dividends or distributions per share or unit declared:			
Class E share dividends	-	-	0.0473
Trust Unit distributions	0.7881	1.1400	0.9500

Growth in sales for 2005 and 2004 reflects the impact of adding new locations during those years. As well, excluding the effects of translating U.S. sales at a lower U.S. dollar, same store sales in 2005 increased by $0.9 million or 0.5% versus a same store sales decline in 2004 of $4.6 million or 3.8%. In all three years, financial performance was also impacted by the continuing loss in value of the U.S. dollar in relation to the Canadian dollar. Adjusting for the impact of foreign currency translation, using 2003 exchange rates, 2004 and 2005 sales would have been $8.9 million higher and $20.2 million higher, respectively. To address the weakening sales trend in the U.S., Boyd has been actively pursuing opportunities to increase sales volumes in existing markets through strengthening of DRP relationships and through broadening product offerings. In Canada, same store sales growth in 2003, 2004 and 2005 have helped offset weaker sales in the U.S.

Net earnings from continuing operations were impacted in 2004 and 2003 by certain unusual charges, in addition to the impact of same store sales declines in the U.S and the weakening U.S. dollar. In 2003, the Company recorded reorganization costs and charges to settle interest rate swap contracts totaling $2.6 million ($1.6 million net of tax). In 2004, the remaining swap breakage costs, in the amount of $0.5 million were recorded as well as new amortization of intangible assets related to the Gerber transaction of $1.3 million ($0.8 million net of tax). In the fourth quarter of 2004, the Company stopped the recognition of the benefits associated with income tax loss carry forward amounts, resulting in income tax expense for 2004 compared to an income tax recovery in 2003. All three years were impacted by goodwill write downs in the Washington and Georgia operations stemming from reduced claim volumes in those areas. The write down of goodwill both for 2005 and 2004 was approximately $1.6 million higher than 2003. In addition, as described below, during 2004 and 2003, $1.6 million and $0.8 million in losses of the Company, respectively, were added back to earnings of the Fund, being the allocation to Boyd Group Holdings Inc. ("BGHI") of non-controlling interest. On March 1, 2005, the shares of BGHI became economically equivalent to trust units of the Fund and as a result, the treatment of BGHI as a non-controlling interest was discontinued. As a result only $0.2 million of losses of the Company were allocated to non-controlling interest for the periods of January and February during 2005.

Net earnings in 2005, 2004 and 2003 were also impacted by decisions to discontinue operations in certain of Boyd's business reporting units in British Columbia, Manitoba, Saskatchewan, Kansas and Indiana.

Growth in total assets is primarily attributable to the continued growth of the Company, especially in 2004 with the acquisition of Gerber. Long-term liabilities also grew in conjunction the Gerber acquisitions. Subsequent repayments of bank debt during 2004 and 2005 were offset by increases in new trading partner debt, capital leases and convertible exchange notes.

Trust unit distributions declined in 2005 as a result of the announcement that effective May 12, 2005, monthly distributions to unitholders and Class A and B common shareholders were reduced from $0.095 per unit to $0.0583 per unit. On an annualized basis, this represented a reduction in distributions from $1.14 per unit, per year to $0.70 per unit, per year.

FORWARD LOOKING INFORMATION

This annual report contains forward-looking information, other than historical facts, which reflect the views of the Fund's management with respect to future events. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes or events. Such forward-looking information reflects the current views of the Fund's management on the basis of information currently available.

Although management believes that its expectations are reasonable, readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved. By its nature, the forward-looking information contained herein is subject to inherent risks and uncertainties, and assumptions relating to the operations, results of operations, financial position, business prospects and strategies of the Fund. The Fund can give no assurance that its expectations with respect to forward-looking information will prove to be correct.

The Fund assumes no obligation to update, publicly or otherwise, the forward-looking information contained herein or update the reasons why actual results could differ from those contemplated by the forward-looking information, whether as a result of new information, future events or otherwise.

BOYD GROUP INCOME FUND

On January 24, 2003, the securityholders of The Boyd Group Inc. approved a Plan of Arrangement (the "Arrangement") to reorganize Boyd into an income trust. On February 28, 2003, under the terms of the Arrangement, the Fund acquired 53.67% (64.96% of publicly held shares and 15% of management group shares as defined in the Plan of Arrangement) of the common shares of Boyd from its shareholders, through a series of transactions, resulting in the issue of 2.39 million trust units as consideration. Also under the terms of the Arrangement BGHI, a holding company under voting control of the Fund, acquired the remaining 46.33% (35.04% of publicly held shares and 85% of management group shares) of the common shares of Boyd from its shareholders, issuing 2.06 million Class A common shares as consideration. Each public shareholder (other than the management group) indirectly received 0.6496 trust units of the Fund and 0.3504 Class A common shares of BGHI in exchange for each four Class A (Restricted Voting) shares held in Boyd prior to the Arrangement. In addition, the Company issued new Class I common shares to the Fund in exchange for cancellation of the previously publicly-traded common shares held by the Fund and issued new Class II common shares to BGHI in exchange for the cancellation of the previous common shares held by BGHI.

Following the Arrangement, the Fund owned 100% of the Class I common shares and subordinated notes (the "notes") issued by the Company, and paid monthly distributions to unitholders from the interest income earned on the notes and from dividends or return of capital on the common share investment. In addition, BGHI owned 100% of the Class II common shares issued by the Company, and paid monthly dividends to shareholders from the dividends or return of capital on its common share investment in Boyd. Since the reorganization, the Company has issued additional Class I common shares and notes to the Fund, as the Fund has raised additional capital for investment in the Company and its operations. The Class I common shares held by the Fund currently, through March 22, 2006, represent 82.0% of the total common shares of the Company, while the Class II common shares held by BGHI represent 18.0% of the common shares of Boyd.

The Fund also received, as part of the Arrangement, voting control of BGHI. Although it had and continues to have voting control of BGHI, it did not have any significant economic interest in the activities of BGHI. All dividends received by BGHI from Boyd were passed on to external shareholders as dividends paid on the Class A common shares. As such, BGHI represented a minority ownership position and was accounted for as a non-controlling interest of the Company, until March 1, 2005.

For a period of two years, the Class A common shareholders of BGHI were not entitled to receive distributions of earnings economically equivalent to distributions received by unitholders of the Fund. As well, there were restrictions limiting the exchange of BGHI Class A common shares for units of the Fund. On March 1, 2005, the Class A common shareholders of BGHI became entitled to receive distributions of earnings economically equivalent to distributions received by unitholders of the Fund and all restrictions limiting the exchange of Class A shares into units expired and, shareholders of BGHI became equivalent to unitholders. As a result, the exchangeable Class A common shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund for December 31, 2005, rather than as non controlling interest.

The consolidated financial statements of the Fund, BGHI and their subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles and contain the consolidated financial position, results of operations and cash flows of the Fund and the Company and the Company's direct subsidiary companies which are in turn combined with the financial position, results of operations and cash flows of BGHI for the period from March 1, 2005 to December 31, 2005.

Distributable Cash

It is the Company's policy to distribute to the Fund and BGHI, on an annual basis, sustainable cash from operations after deductions for unreserved sustaining capital expenditures, debt service and interest obligations, and any reserves for administrative and other expenses and such reasonable working capital reserves considered appropriate by the Board of Trustees. In any particular period, cash distributions paid by the Fund and BGHI may exceed distributable cash generated by the Company, and cash reserves may be used to supplement distributable cash where necessary and prudent. Conversely, in any particular period, cash distributions paid by the Fund and BGHI may be less than distributable cash generated by the Company, when cash is reserved for purposes noted above.

Over the last year, as the income trust sector has matured, there has been public commentary on the information that income trusts are expected to disclose to ensure transparency in the determination of distributable cash. An example cited relates to the handling of capital expenditures. The Fund recognizes that the determination of distributable cash varies between issuers and is committed to being fully transparent. As a result, management is evaluating whether the use of

capital expenditure reserves, which has been the Fund's practice, detracts from the transparency of distributable cash and the Fund may modify its disclosure in the future.

Effective May 12, 2005, monthly distributions to unitholders and Class A common shareholders were reduced from $0.095 per unit to $0.0583 per unit. On an annualized basis, this represented a reduction in distributions from $1.14 per unit, per year to $0.70 per unit, per year.

On December 15, 2005, the Fund, the Company and BGHI temporarily suspended cash distributions to unitholders and Class A common shareholders until further notice, following the December 23, 2005 payment to unitholders of record on November 30, 2005. The Fund determined that the suspension of distributions was in the best interests of unitholders and shareholders as it would allow the Company to strengthen its balance sheet and improve its cash position and financial flexibility.

The following is a distributable cash calculation for 2005 and 2004. The collision repair industry, particularly in Canada, is subject to seasonal fluctuations. The Trustees of the Fund had eliminated the impact of seasonal fluctuations on unitholders by equalizing the monthly distributions.

Distributable Cash [1]

Years ended December 31

		2005		2004
Cash flow from operating activities	$	**6,207,133**	$	7,834,669
Add Back (Deduct):				
Changes in non-cash working capital items		**(95,469)**		(2,232,157)
Current income tax expense		**474,088**		610,359
Interest on capital leases [3]		**117,637**		151,228
Dividends received on Class B shares		**722,894**		437,805
Big Box prototype reserve [2]		**476,213**		532,516
Proceeds of sale of equipment		**130,349**		325,089
Income taxes paid		**(359,524)**		(719,999)
Sustaining expenditures on plant and equipment [4]		**-**		(194,112)
Repayment of post reorganization capital leases (including interest) [3]		**(169,035)**		(94,528)
Debt repayments [4]		**(87,119)**		(94,258)
Swap breakage costs		**-**		531,360
Distributable Cash	$	**7,417,167**	$	7,087,972
Distributions paid				
Unitholders	$	**7,545,339**	$	7,590,416
Class A and B common shareholders		**1,645,339**		1,469,790
Total distributions paid	$	**9,190,678**	$	9,060,206
Distributions reinvested [5]				
Unitholders	$	**3,068,976**	$	2,888,542
Class A and B common shareholders		**1,525,074**		1,469,790
Total distributions reinvested	$	**4,594,050**	$	4,358,332
Net cash distributions after reinvestment				
Unitholders	$	**4,476,363**	$	4,701,874
Class A & B common shareholders		**120,265**		-
Net cash distributions	$	**4,596,628**	$	4,701,874
Distributions paid				
Per Unit	$	**0.883**	$	1.140
Per Class A and B common share	$	**0.798**	$	0.713

(1) Distributable Cash is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, Distributable Cash is a useful supplemental measure as it provides investors with an indication of cash available for distribution, both before and after debt service, capital expenditures and income taxes. Investors should be cautioned, however, that Distributable Cash should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Fund's

performance. Boyd's method of calculating Distributable Cash may differ from other companies and, accordingly, may not be comparable to similar measures used by other companies.

(2) Costs of the AWC Collision "Big Box" prototype development of $476 thousand (2004- $533 thousand) were funded from proceeds of the initial public offering completed at the time of the reorganization, as contemplated in the final prospectus filed by the Fund and dated February 14, 2003. As at December 31, 2005, the $1.8 million original reserve was fully utilized.

(3) Interest costs arising from capital lease obligations that existed prior to the date of the reorganization are excluded from Distributable Cash since the total future capital lease principal and interest obligations were provided for from proceeds of the initial public offering completed at the time of the reorganization. Total interest costs associated with capital leases are added back and then interest costs relating to post reorganization capital leases are deducted.

(4) Sustaining expenditures on property, plant and equipment are excluded from Distributable Cash as they are covered by a reserve in available cash from the initial public offering in 2003 and the $14.0 million private placement offering proceeds received in conjunction with the acquisition of Gerber in February 2004. At December 31, 2005, $1.1 million of these reserves remain available.

    Effective September 30, 2005, the Fund amended its senior credit agreement to create an additional $1.7 million reserve of cumulative unused cash from its reinvestment programs available at September 30, 2004 (the "DRIP Reserve"). The DRIP Reserve is available to supplement the capital expenditure reserve as well as being available for use in financing acquisitions, start-ups and mandatory debt repayments. During the fourth quarter, the Fund utilized this reserve to offset $0.1 million of mandatory debt repayments leaving at December 31, 2005, $1.6 million of this DRIP reserve available for future expenditures.

    As a result, the combination of sustaining capital expenditures and mandatory debt repayments would not affect the distributable cash calculations above until the combination of these two reserves, or $2.7 million, is fully utilized.

(5) Distributions reinvested include elected distributions under the distribution reinvestment and premium distribution components of the Fund's reinvestment plan for the periods involved and the elected dividends reinvested by Boyd Group Holdings Inc. under its premium dividend reinvestment plan for the same periods.

Distributions

During 2005 and 2004, the Fund and BGHI made monthly distributions, in accordance with their distribution policies, to unitholders and shareholders of record on the last day of each month, payable on or about the last business day of the following month. The amount of cash distributed by the Fund was equal to the pro rata share of interest or principal repayments received on the notes and distributions received on or in respect of the Class I common shares of the Company held by the Fund, after deducting expenses of the Fund and any cash redemptions of the Fund during the period. The amount of cash distributed by BGHI was equal to the pro rata share of dividends received on or in respect of the Class II common shares of the Company held by BGHI, after deducting expenses of BGHI.

During 2005, the Fund declared distributions totaling $6.8 million (2004 - $8.0 million), while BGHI declared dividends during this same period of $1.5 millions (2004 - $1.5 million). All of the distributions declared by the Fund during 2005 are anticipated to be taxable in the hands of the unitholders, while the dividends declared by BGHI during this same period are anticipated to be taxable to shareholders of BGHI.

BUSINESS ENVIRONMENT & STRATEGY

The collision repair industry in North America is estimated by Boyd to represent approximately $25 to $30 billion U.S. in annual revenue. The Industry is highly fragmented, consisting primarily of small independent family owned businesses operating in local markets. To date, only a small number of multi-unit collision repair operators, growing in part through acquisition, have emerged in North America. No single operator within this group is dominant over the others, either in terms of size or geographic coverage, and the Company estimates that as a group, consolidators have less than a 5% North American market share. All of the known industry consolidators, other than Boyd, are currently headquartered and have the majority of their operations in the United States.

There is a growing trend among major insurers in both the public and private insurance markets toward developing performance-based measurements in selecting collision repair partners. Additionally, there has been a trend in the private insurance markets to utilize DRP's for a growing percentage of collision repair claims volume and insurers appear to be favouring the development of multi-location DRP arrangements with the strongest multi-location collision repair operators in select regions. Management believes that Boyd is well positioned to take advantage of these trends.

Boyd in recent years, and until the 2nd quarter of 2005, had experienced declining same store sales volumes in its U.S. markets. This has been an industry trend which Boyd has been able to somewhat counteract due the competitive advantages associated with size and infrastructure and the ability to develop multi-location DRP arrangements. In both the 2nd and 3rd quarters of 2005 Boyd announced it had achieved same store sales increases in the U.S.

Automobile collision repair claims in the U.S. have been declining. Today, fewer automobile collisions actually reach collision repairers in the U.S. According to Collision Repair Industry Insight, one of the industry's key trade publications, the number of passenger vehicles in operation in the U.S. increased approximately five percent from 205 million in 1999 to 215 million in 2003. Over this same period, the percentage of cars involved in accidents annually was steady at approximately 16 percent. But the percentage of accidents resulting in insurance claims declined, and whereas in 1999, eight percent of all accident damaged vehicles were written off as total losses, by 2004 the number of insurance claims resulting in "write offs" had more than doubled to approximately 20 percent.

According to other industry sources, the average cost of repair over the 1999 to 2003 period has declined by $40 U.S. Collision Repair Industry Insight estimates that these trends continued into 2004 and beyond, which has also been our experience.

It has been suggested that one of the dynamics driving these negative industry trends has been high auto insurance premiums. As auto insurance premiums have risen, there has been a trend whereby vehicle owners have been increasing their deductibles in order to keep their premiums down and when a vehicle owner raises their deductible they are less inclined to file an insurance claim, or complete repairs for minor damage.

Additionally, vehicle owners have been less likely to make insurance claims for damaged vehicles in order to avoid an increase in their insurance premiums. On a positive note, there is some recent evidence that auto insurance premiums are under downward pressure.

Another trend that is having an impact on the number of accident damaged vehicles that are being repaired relates to some of the safety features in today's vehicles, such as air bags, which result in much higher costs of repair. Although this may sound positive for collision repairers, it is not, as in many cases, the costs of repair as a result of these safety features, exceed certain repair value thresholds and therefore, the damaged vehicle is deemed a write-off. This is, to a large degree, why write-offs have increased in recent years.

We believe that more recently, other factors such as photo radar and graduated licensing for new young drivers, have contributed to fewer accidents thus further reducing claims volumes.

And finally, an increasing number of insurance company claims are being directed through Direct Repair Programs with preferred collision repair operators. While these programs are positive for us as a preferred DRP participant, and positive for the consumer as well, this trend, we believe, has resulted in some downward pressure on the average cost of repairing a vehicle.

Our strategy is a continued focus on maximizing the opportunity available to us in our existing operations through a commitment to:

- Ongoing development of innovative and mutually rewarding strategic relationships with insurance, fleet and lease customers, as well as supply trading partners;
- Use of a common brand respected as the best in the collision repair industry for quality and customer service;
- Growth through broadening product and service offerings to increase same store sales, including the automobile glass repair and replacement business;
- Use of best practices and economies of scale to enhance profitability and operating performance;
- Continued growth through acquisition, development and integration of market leading collision repair businesses.

These strategic initiatives are interrelated and Boyd's success in achieving its vision will largely be based on its ability to identify and capitalize upon the key performance factors that drive the collision repair industry.

Strategic Relationships

The collision repair business, particularly in the United States, is dependent upon the maintenance and enhancement of excellent working relationships with insurance, fleet and lease customers. Boyd's revenues are largely derived from automobile insurance companies, as are the majority of revenues comprising the $25 to $30 billion U.S. collision repair industry. Boyd works at maintaining both the key relationships it initially developed and those relationships cultivated by acquired businesses.

Customer relationship dynamics in Boyd's principal markets differ from region to region. In three of the Canadian provinces where Boyd operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to automobile owners. Although Boyd's services in these markets are predominantly paid for by government-owned insurance companies, these insurers do not typically refer insured automobile owners to specific collision repair centres, allowing individual consumers the freedom of choice. Boyd focuses its marketing endeavours, primarily through consumer based advertising, on obtaining business from individual vehicle owners. Boyd manages relationships in the government-owned insurance markets through active participation in industry associations and rate-setting negotiations.

In Provinces other than Manitoba and Saskatchewan, and in the United States, where private insurers operate, a greater emphasis is placed on establishing and maintaining referral arrangements with insurance companies. Boyd continues to develop and strengthen its DRP relations with insurance carriers in both Canada and the United States. DRP's are established between insurance companies and collision repair shops to better manage automobile repair claims and increase levels of customer satisfaction. Insurance companies select collision repair operators to participate in their programs based on integrity, convenience and physical appearance of the facility, quality of work, customer service, cost of repair, cycle time and other key performance metrics. Local and regional DRP's, and more recently national DRP relationships, represent an opportunity for Boyd to increase its business as the percentage of insurance paid collision claims handled through DRP's continues to increase. Along with the growth in DRP's, there has been some preference among some insurance carriers to do business with multi-location collision repairers in order to reduce the number and complexity of contacts in the collision repair process and to achieve a higher level of consistent performance.

As repair volume flowing through DRP's grows and as DRP's evolve, Boyd believes that it is well positioned to take advantage of the opportunities that arise from these industry trends. Boyd believes that it has strong relationships with insurance, fleet and lease customers in place in each of its markets and that it has the capability to grow these relationships.

On March 16, 2006, the Fund announced that it has completed an evaluation of the potential financial impact of market pricing changes precipitated by recent DRP alterations initiated by one of its largest insurance company customers. Through its evaluation, Boyd has assessed that these pricing changes may materially impact its operating margins in the near term. The insurance company customer's DRP changes, which are being tested in a number of U.S. states, including Illinois where Boyd has a considerable presence, are aimed at making the insurer's DRP more performance driven and more competitively priced. While these changes have the potential to be a positive development for the Company over the long term, given the heightened focus on performance evaluation, and the opportunity for Boyd to secure more referrals through strong performance metrics, the financial impact of implementing the required pricing changes under the program is expected to be negative in the near term.

Key Supplier Agreements

As a critical component of its strategy, Boyd has established relationships with a variety of key suppliers and has entered into preferred supplier agreements for parts, materials and services that typically provide for competitive pricing.

In July 1999, certain key trading partners provided the Company with, among other things, a commitment for approximately $25 million in prepaid material rebates to be used for acquisition and start-up of new collision repair businesses. Prepaid rebate amounts received in respect of each acquisition or start-up are recorded as unearned rebates and are amortized to earnings, as a reduction to cost of sales, as they are earned. In 2003, Boyd entered into an amendment to its agreement with these trading partners to provide a $15.0 million acquisition loan facility, with interest-only payments during the five year term of each loan drawn, and principal due at maturity. The loan facility provided an additional source of available financing to fund growth.

On February 14, 2006, by mutual agreement with certain key trading partners, Boyd cancelled its prepaid material rebate agreement concurrent with the closing of a new long term exclusive supply agreement with an alternate supplier. Replacement prepaid rebates received from the new supplier were used to repay all obligations associated with the prior agreement. Replacement prepaid rebates will be amortized to earnings, as a reduction of cost of sales, over a period of 15 years.

Coinciding with the change in key trading partner agreements, Boyd repaid amounts owing under its trading partner loan facility with a portion of the proceeds from a new replacement $13 million U.S. credit facility with a U.S. bank, which was fully drawn on February 14, 2006.

A Brand Recognized for Quality & Service

The principal names under which Boyd carries on business in Canada are "Boyd Autobody & Glass" and "Service Collision Repair Centre". In order to more fully retain and utilize the goodwill of acquired collision repair centres, Boyd has historically, particularly in the United States, continued to operate under the name used by the acquired business prior to acquisition. However, in conjunction with the Gerber acquisition, Boyd began to re-evaluate its common branding strategy in the U.S. during the first quarter of 2004. Based upon an evaluation of the reputation and strength of the Gerber brand, the Company decided to implement a new common brand, "Gerber Collision & Glass" across its U.S. operations, except in Illinois where it will continue to use "Gerber Auto Collision & Glass". By the end 2005, the Company had mostly completed the implementation of this common brand.

In support of establishing a brand recognized for quality and service, Boyd achieved North America's first International Organization for Standardization (ISO) 9002 multi-site registration in automotive collision repair in its Canadian operations in 2000. The ISO 9002 standard establishes best practice process and procedures for providing the highest quality in collision repair services.

Boyd also conducts extensive consumer satisfaction polling at all operating locations to assist it in keeping customer satisfaction at the forefront of its mandate and to reinforce the association between the Company's brands and the desire to exceed each customer's expectations.

Broadening Product & Service Offerings

Boyd continues to seek opportunities to broaden its product and service offerings in all markets to grow same store sales. In 2004 and 2005, the Company focused on increasing its share of the automobile glass repair and replacement business.

In the Manitoba region, the Company has had a long established presence in the auto glass replacement and repair business, as a means of expanding services beyond traditional collision repair services.

In 2004, through the acquisition of 1st Choice Mobile Auto Glass Ltd. ("Anvil"), a British Columbia-based company actively involved in the auto glass repair and replacement business in that province, the Company was certified by the Insurance Corporation of British Columbia to complete auto glass replacement and repairs in British Columbia.

Gerber, acquired on February 2, 2004, is actively involved in the auto glass repair and replacement business in its 22 locations in the Chicago area.

On January 28, 2005, the Company purchased the Globe Amerada Glass Network division of Globe-Amerada Glass Company. The Globe Amerada Glass Network, which is located in Chicago, Illinois, was subsequently renamed Gerber National Glass Services ("GNGS"). GNGS is an auto glass repair and replacement referral business with affiliated service providers throughout the United States. This acquisition was a complimentary growth driver for Boyd, supplementing auto glass repair and replacement services in the U.S. Through this network, additional volume was referred to Boyd facilities thereby providing the opportunity to introduce auto glass repair and replacement services to the balance of existing U.S. operations, as well as provide the ability to leverage strategic industry relationships to drive future growth.

Acquisition, Development & Integration of Collision Repair Businesses

At December 31, 2005, Boyd operated 87 corporately owned locations (38 in Canada and 49 in the United States), including satellites and had seven franchised locations. Included in this total are three new start-up facilities in Illinois

which commenced operations during 2005. To facilitate one of these start-ups, the Company purchased the business assets of Orland Park Auto Body, located in Oak Forest, Illinois. Two other facilities included above are currently functioning as satellite locations. The satellites are located in Arizona and Washington and are being converted to full collision repair facilities. They are anticipated to be fully operational during the first quarter of 2006.

During 2005, the Fund purchased the shares of Abbotsford Auto Body Ltd., a single location repair facility located in Abbotsford, British Columbia. The Company also purchased during the year the business assets of Automation Paint and Body located in Calgary, Alberta.

The Company also purchased GNGS in January of 2005 and beginning April 1, 2005, utilized the synergies of GNGS and the existing Illinois glass repair and replacement operations to launch auto glass repair and replacement services in the Arizona, Nevada, Washington and Georgia markets.

Boyd continues to follow a disciplined acquisition and development approach based upon specific geographic, operational, cultural and financial criteria for identifying candidates and locations and determining acquisition prices and start-up investment costs. In assessing acquisitions and start-ups, the Company continues to apply the following criteria:

- Adding value to unitholders;
- Profitability with proven management and market share;
- Geographic proximity to current operations and ability to leverage economies of scale;
- Need for additional capacity in a given market;
- Continuing involvement of owners, managers or key employees;
- Above average potential to enhance return on investment, including ability to leverage customer relationships;
- Compatibility with Boyd's operating strategies and culture.

RESULTS OF OPERATIONS

Sales

Sales totaled $187.7 million for the year ended December 31, 2005, an increase of $20.8 million or 12.5% compared to the same period in 2004 (after adjusting 2004 for the effect of discontinued operations during 2005 and 2004). Sales growth was primarily attributable to $22.2 million or 13.3% in new revenue from the acquisitions of the remaining 50% Anvil, two repair centers in Georgia, new start-up repair centers developed in late 2004 and 2005, a repair centre in Abbotsford, B.C., GNGS and new glass initiatives in the U.S.

On the assumption that $5.5 million in Gerber sales had been included in 2004 sales for the month of January 2004, the Company experienced a same store sales decline of $6.9 million, or 4.1% when compared to 2004. The impact of foreign currency translation attributable to sales generated from the Company's U.S. operations represented a $7.8 million decline or more than the overall same store sales decrease. Excluding the effects of currency translation and acquisition growth, overall same store sales increased $0.9 million or 0.5%.

All of the Company's revenues are derived from automotive collision repair and related services, including auto glass repair and replacement services and auto glass insurance claim referral services, conducted through locations within Canada and the United States of America. The following chart provides comparative sales by geographic region:

Sales by Geographic Region (000's)

Year Ended December 31	2005	2004
Canada	$ 60,925	$ 56,500
United States	126,815	110,413
Total	$ 187,740	$ 166,913
Canada - % of total	32.5%	33.8%
United States - % of total	67.5%	66.2%

Sales in Canada for 2005 totaled $60.9 million compared to $56.5 million in 2004. This is an increase of $4.4 million or 7.8% over the prior year, after adjusting 2004 sales for discontinued operations. More than half of the sales growth in Canada, or $2.5 million, was due to new sales from the acquisition of the remaining 50% of Anvil on August 1, 2004, and the acquisition of Abbotsford in January 2005. This acquisition growth was supplemented by same store sales increases in Canada of $1.9 million or 3.4% throughout the year. A portion of this same store sales increase is attributable to incremental revenues resulting from the relocation of a Calgary, Alberta collision repair centre facilitated by the acquisition of the business assets and location of Automation Paint and Body in the 1st quarter of 2005.

In the U.S., sales totaled $126.8 million for the year ended December 31, 2005, compared to $110.4 million for the same period in the prior year. Sales in the U.S. included new sales, in the amount of $19.7 million, from the Illinois area start-ups, Georgia acquisitions, GNGS and new glass revenues generated in the Arizona, Georgia, Nevada and Washington markets utilizing the synergies of GNGS.

On the assumption that the Gerber operations had been included in 2004 sales for the month of January 2004, year-to-date same store sales in the U.S. declined $8.7 million or 7.7% when compared to the same period in the prior year. Translation of U.S. revenues at a weaker U.S. dollar exchange rate, relative to the Canadian dollar, accounted for $7.8 million of the total decline in U.S. same store sales. Excluding the impact of foreign currency translation, the Illinois start-ups, the new glass initiatives and GNGS and Georgia acquisitions, U.S. same store sales declined $0.9 million or 0.8% compared to 2004.

Gross Margin

Gross Margin was $86.1 million or 45.9% of sales for 2005 compared to $79.4 million or 47.5% of sales for 2004. The lower gross margin percentage has been impacted by lower gross margins associated with GNGS and a reduction in the amortization of prepaid material rebates during the year. Excluding the impact of GNGS, the gross margin percentage would have been 47.3% for the current year. Excluding the impact of both GNGS and material rebate amortization, the gross margin percentage would have been 47.5%. The increase in gross margin dollars resulted from increased sales volume arising from the new glass initiatives, Illinois start-ups and Abbotsford, Automation, Anvil, GNGS and Georgia acquisitions.

Operating Expenses

Operating Expenses for the year ended December 31, 2005 of $74.2 million, or 39.4% of sales, increased by $6.6 million, from $67.5 million or 40.5% of sales for the same period of 2004. Operating expenses as a percentage of sales declined due to expense reduction initiatives. Significant expense reductions were realized in salary, wage and benefits costs offset by increases in premises rent, utilities and auto rental expenses.

Foreign Exchange Gains

Foreign exchange gains for the year ended December 31, 2005 of $0.3 million decreased from $0.9 million for the same period of 2004. Foreign exchange gains in recent years have been driven by the repayment of U.S. dollar denominated debt located within Canada. The majority of the higher gain in 2004 resulted from a $1.7 million U.S. repayment of senior bank debt during the 4th quarter of 2004.

EBITDA

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") for 2005 totaled $12.2 million or 6.5% of sales compared to $12.7 million or 7.6% of sales in the prior year. The decrease in EBITDA as a percentage of sales primarily resulted from the reduction in material rebate amortization beginning during the second half of the year as well as $625 thousand of initial material rebates associated with the Gerber acquisition recognized in the first quarter of 2004. The remaining decrease in the EBITDA percentage resulted from lower operating margins in Illinois and in start-up locations, lower margins in Nevada due to integration and conversion of the locations in that market and lower foreign exchange gains during the year. EBITDA dollars declined compared to last year as increased EBITDA from acquisitions, start-ups, new glass initiatives and same store sales increases were offset primarily by the impact of currency translation and lower foreign exchange gains in the year.

EBITDA is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an

indication of operational performance. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Fund's performance.

Depreciation and Amortization

Depreciation and amortization expense related to plant and equipment totaled $4.1 million or 2.2% of sales for the twelve months ended December 31, 2005 compared to $4.1 million or 2.5% of sales in the same period of the prior year. The Company anticipates that future depreciation charges on plant and equipment will continue at or near the same level as a percent of sales.

Amortization of deferred costs and other intangible assets in 2005 totaled $2.2 million or 1.2% of sales and increased from the $1.7 million or 1.0% of sales expensed for the prior year. During 2004, the Company recorded definite life intangible assets related to the Gerber acquisition. In addition, as a result of the acquisition of GNGS in the first quarter of 2005, the Company recorded additional definite life intangible assets. As a result of the identification of the intangible assets, the Company has increased amortization expense for the year. The Company expects the future amortization of intangible assets, deferred costs and franchise rights to be at or near levels consistent with those of 2005.

Interest Expense

Interest Expense, net of interest income, increased to $2.9 million, or 1.5% of sales for 2005, from $2.4 million or 1.4% of sales in 2004. Interest cost increases of $400 thousand were attributable to additional trading partner debt received in January, 2005, vendor notes relating to 2005 acquisitions as well as the effect of increasing interest rates.

Swap Breakage Costs

Swap Breakage Costs of $0.5 million in 2004 represented the final stage of the settlement of interest rate swap contracts entered into in 2003, relating to completing the reorganization into an income trust.

Write Down of Goodwill and Property, Plant and Equipment

The Fund follows the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3062 – Goodwill and Intangible Assets as well as CICA Handbook Section 3063 – Impairment of Long-Lived Assets. In accordance with the requirements, the Company tests its goodwill and other intangible and tangible assets for impairment on an annual basis.

During 2005, as part of the ongoing goodwill impairment testing, the Company wrote down goodwill in the amount of $2.0 million primarily relating to Georgia and Washington based operations.

During 2004, the Company wrote-off goodwill in the amount of $2.3 million associated with the sale of M&S Collision Center, Inc. This amount was included as part of the loss on disposition of discontinued assets in 2004.

In addition, during 2004, the Company wrote down goodwill in the amount of $1.9 million relating to Georgia based operations. During 2001, the Company pursued the development and testing of a "Big Box" prototype at the AWC facility in Washington State. However, to date, the location has not generated the anticipated level of sales, and it is expected that sufficient sales volumes will not be realized in the near term. Accordingly, the Company evaluated the facility re-design costs incurred as part of the development of the "Big Box" prototype and wrote off the remaining balance of those costs in the amount of $0.2 million.

Income Taxes

Current Income tax expense and future tax recovery totaled $32 thousand for 2005, compared to an expense of $751 thousand in 2004. In the fourth quarter of 2004, the Company stopped the recognition of the benefits associated with income tax loss carry forward amounts. The net recovery of income taxes in 2004 was primarily due the effect of income tax deductions available as a result of effective tax planning and the implementation of the income trust structure. Although these tax structures remain in place, the Company believes it is prudent not to recognize the benefit of income tax carry forward amounts for 2005. Notwithstanding this conservative approach, the Company believes it will make full use of all income tax loss carry forward amounts before they expire.

Net Earnings before Non-Controlling Interest

Net earnings before non-controlling interest for the year ended December 31, 2005, was $1.0 million or 0.5% of sales compared to $1.1 million or 0.7% of sales last year. The decrease in net earnings before non-controlling interest as a percentage of sales reflects the impact of the increased amortization of intangible assets, lower foreign exchange gains, as well as the impact of the $625 thousand of initial material rebates associated with the Gerber acquisition recognized in the first quarter of 2004.

Non-Controlling Interest

Non-Controlling Interest for the year ended December 31, 2005 reflects an allocation, to BGHI, of net losses of The Boyd Group Inc. of $0.2 million compared to 2004 of $1.7 million. The Boyd Group Inc. recorded a net loss in the first two months of 2005 of $1.1 million after deducting the interest paid on the subordinate notes to the Fund. This net loss was allocated between the Fund and BGHI in proportion to their respective equity interest in the Company as at February 28, 2005. Of this loss, $223 thousand related to BGHI and was recorded as a non-controlling interest recovery for the period up to February 28, 2005. As of March 1, 2005, Class A common shareholders of BGHI became entitled to receive distributions of earnings economically equivalent to unitholders of the Fund and all restrictions, resulting from the 2003 reorganization into an income trust, on the exchange of Class A common shares into trust units, expired. As a result, the exchangeable Class A shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund and the Class A shares no longer represent a non-controlling interest of the Fund.

The remaining balance of non-controlling interest relates to a partnership established on May 1, 2004 where All-Consolidated Auto Rebuilders, Inc., one of the Fund's U.S. subsidiaries, transferred a portion of its operating assets to Harvey LLC in consideration for a 75% ownership in the new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity into the new business. The operating results of the new entity are included in the consolidated results of the Fund for the period ended December 31, 2005, with the 25% ownership reflected as non-controlling interest.

Discontinued Operations

Net Loss from Discontinued Operations, net of tax, of $155 thousand for 2005 resulted from a decision by the Fund, in January of 2005 to cease operations of one collision repair facility located in North Vancouver, British Columbia. Comparative losses for 2004 of $1.1 million represent the combined earnings and losses for 2004 of the North Vancouver facility as well as the Jarvis facility, located in Winnipeg, Manitoba, M&S Collision Center, Inc., a collision repair facility located in Valparaiso, Indiana, and Service Collision Center located in Wichita, Kansas, all of which were either sold or closed during 2004. The decision to sell or close these businesses was reached after the Fund concluded that the strategic and financial prospects for these business segments did not merit continued investment and support.

Net Earnings and Earnings Per Unit and Class A Common Share

Net Earnings after giving effect to the non-controlling interest, and after discontinued operations, decreased to $1.1 million or 0.6% of sales for 2005, compared to $1.7 million or 1.0% of sales in the prior year. The decrease resulted from higher amortization costs associated with definite life intangible assets, lower foreign exchange gains during 2005, no recognition of the benefit of income tax loss carry forward amounts, the impact of no further allocations of the Company's operating losses to BGHI and $625 thousand of initial material rebates associated with the Gerber acquisition and recorded in the first quarter of 2004.

Basic Earnings Per Unit and Class A common share was $0.109 per unit and Class A common share for the year ended December 31, 2005 compared to $0.240 per unit and Class A common share in the same period of 2004. *Diluted Earnings Per Unit and Class A common share*, which is calculated under the assumption that all convertible securities had been converted (where such conversion would have the effect of reducing earnings per unit and Class A common share), was $0.107 per unit and Class A common share for the 2005 year compared to diluted earnings of $0.159 per unit and Class A common share for the prior year. The decrease in basic earnings per unit and Class A common share in 2005 resulted from lower net earnings from continuing operations and an increase in the weighted average number of units and Class A common shares outstanding during the year. Diluted earnings per unit and Class A common share in 2005 were not impacted by the potential dilution of earnings resulting from the exchange of Class A common shares of BGHI for units of

the Fund. In 2004, both the losses allocated to BGHI (as the holder of the non-controlling interest) and the additional units issued on the exchange reduced diluted earnings per unit and Class A common share.

SUMMARY OF QUARTERLY RESULTS

($000's, except per unit and Class A common share data)	2005				2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	45,881	47,169	46,954	47,736	42,355	42,097	41,349	41,113
Earnings (loss) from continuing operations	(1,045)	582	140	1,529	(1,842)	1,643	1,406	1,594
Basic earnings (loss) per unit and Class A common share from continuing operations	(0.102)	0.059	0.014	0.179	(0.268)	0.221	0.196	0.285
Diluted earnings (loss) per unit and Class A common share from continuing operations	(0.100)	0.058	0.014	0.176	(0.310)	0.194	0.166	0.232
Net earnings (loss)	(1,045)	582	140	1,374	(1,916)	1,191	884	1,519
Basic earnings (loss) per unit and Class A common share	(0.102)	0.059	0.014	0.161	(0.279)	0.160	0.123	0.272
Diluted earnings (loss) per unit and Class A common share	(0.100)	0.058	0.014	0.159	(0.320)	0.140	0.101	0.221

Sales by quarter for the last two years illustrate the impact of seasonality, whereby collision repair claims volumes tend to be higher in the winter season, particularly in Canada. Sales increases in 2005 are the result of new start-ups in the U.S, new glass repair and replacement services in Arizona, Nevada, Georgia and Washington and acquisition expansion. Sales increases in 2004 reflect the additional sales from the Gerber acquisition. Net earnings for 2005 have been reduced by higher interest costs, the amortization of intangible assets recorded as a result of the Gerber and GNGS acquisitions, stopping the allocation of losses to BGHI as non-controlling interest, effective March 1, 2005, as well as no recognition of the benefits associated with income tax loss carry forward amounts. In the fourth quarter of 2004, the Company stopped recognizing the benefits associated with income tax loss carry forward amounts, resulting in income tax expense for 2004 rather than income tax recoveries. The first quarter of 2004 was impacted by interest rate swap breakage costs as the Company completed its plan to unwind these contracts. Net earnings in the fourth quarter of 2004 were also impacted by the amortization of intangible assets recorded as a result of the Gerber acquisition. Net earnings for the 4th quarter of 2005 and 2004 were impacted as well by the write off of goodwill of $2.0 million and $2.1 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Fund has, since its inception in 2003, believed it important to maintain distributions for the benefit of its equity holders. Accordingly, the Fund continued to pay distributions throughout 2005, even though those distributions were in excess of distributable cash generated for the same period, drawing on its available cash reserves to do so. In time, the excess distributions served to increase deficits, reduce working capital and reduce available cash for operating purposes, thereby weakening the Fund's financial position. In December 2005, it was determined, that a temporary cessation of distributions would help the Fund rebuild its balance sheet and improve its financial flexibility. Further, in November 2005, the decision to temporarily discontinue issuing units under the Fund's DRIP prevented further dilution resulting from these programs. With these two actions in late 2005, combined with the replacement of prepaid rebate arrangements and debt facilities in 2006, the Fund has taken steps towards achieving a stronger and more flexible capital position. The Fund recognizes the importance of regular distributions to its equity holders and will continue to evaluate its financial position regularly and expects to resume distributions at the appropriate time.

At December 31, 2005, the Fund had a bank indebtedness position of $1.3 million compared to a cash position of $0.6 million at December 31, 2004. At December 31, 2005, the Fund had $3.0 million (2004 - $4.0 million) outstanding under its operating line of credit. Offsetting the outstanding balance of the operating line of credit, was cash held on deposit in U.S. bank accounts totaling $1.2 million (2004 - $3.4 million) and cash held on reserve to fund future capital lease obligations of $0.5 million (2004 - $1.2 million).

The net working capital ratio (current assets divided by current liabilities) was 0.9 to 1 at December 31, 2005 (2004 - 1.1 to 1). The Fund expects to continue to operate near a working capital ratio of 1:1.

At December 31, 2005, The Fund had total debt outstanding of $38.5 million, comprised of $11.0 million of senior bank term debt, $12.1 million of trading partner loans and supplier debt, $0.8 million of vendor loans, $1.9 million of obligations under capital lease and $12.7 million of subordinate convertible debentures and exchangeable notes. This compares to $37.9 million of total debt outstanding at December 31, 2004, comprised of $12.6 million of senior bank term debt, $8.6 million of trading partner loans, $1.4 million of vendor loans, $1.6 million obligations under capital lease and $13.7 million of subordinate convertible debentures. Total debt increased by $0.6 million primarily due to the financing of the GNGS acquisition and the financing of 2004 and 2005 startups.

The following table summarizes the contractual obligations at December 31, 2005 and required payments over the next five years:

Contractual Obligations (000's) As at December 31, 2005	Total	Payments Due By Period Due < 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$ 23,832	$ 1,652	$ 7,933	$ 14,247	$ -
Capital lease obligations	1,897	642	930	325	-
Operating lease obligations	70,532	10,468	17,269	10,815	31,980
Purchase obligations:					
Earn out provisions	-	Unknown	Unknown	Unknown	Unknown
Prepaid rebate repayments	3,100	3,100	Unknown	Unknown	Unknown
Other long-term obligations [(1)]:					
1998 8.5% Series I convertible debentures	84	-	84	-	-
2002 8.0% convertible debentures	2,317	-	2,317	-	-
2003 8.0% convertible debentures	1,585	-	1,585	-	-
2004 6.4% exchangeable notes	8,198	-	8,198	-	-
2005 6.0% exchangeable note	583	-	-	583	-
Total Contractual Obligations	$ 112,128	$ 15,862	$ 38,316	$ 25,970	$ 31,980

[(1)] The Fund has the right, at its option, to settle at maturity each of the 1998, 2002 and 2003 convertible debenture obligations as well as the exchangeable notes either by issuing additional trust units or by payment of cash.

Operating Activities

Cash flow generated from operations, before considering working capital changes, was $6.1 million for 2005 compared to $5.6 million in 2004. The increase in operating cash flows of $0.5 million is primarily attributable to stronger cash earnings and no swap breakage costs offset by higher interest costs during 2005.

Changes in working capital items provided for net cash of $95,000 for 2005 compared to $2.2 million for 2004, excluding the effect of working capital changes related to discontinued operations. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures, acquisitions and changes in the foreign exchange translation of U.S. working capital items.

Financing Activities

Equity

On December 15, 2005, the Fund, the Company and BGHI temporarily suspended cash distributions to unitholders and dividends to Class A common shareholders until further notice, following the December 23, 2005 payment to unitholders of record on November 30, 2005. The Fund determined that the suspension of distributions was in the best interests of unitholders and shareholders as it will allow the Company to strengthen its balance sheet and improve its cash position and financial flexibility.

The following provides a continuity of the unitholders' capital of the Fund:

	2005		2004	
	Units	**Amount**	Units	Amount
Unitholders' capital, beginning of year	**7,778,466**	**$ 46,437,688**	3,924,864	$ 21,058,197
Units issued under offerings	**-**	**-**	1,750,000	14,000,000
Less value allocated to 2004 warrants	**-**	**-**	-	(422,700)
Value adjustment on exercise of 2004 warrants	**-**	**-**	-	1,200
Issue costs	**-**	**(110,448)**	-	(1,239,507)
Unit price guarantee payments	**-**	**(48,355)**	-	-
Units issued under guaranteed price contracts	**41,392**	**-**	66,185	-
Units issued to settle retraction of Class A common shares of BGHI	**372,861**	**146,038**	749,272	3,043,795
Units issued on conversion of 1998 debentures	**4,037**	**19,000**	133,872	630,000
Units issued on conversion of 2002 debentures	**1,250**	**10,000**	445,750	3,566,000
Units issued on conversion of 2003 debentures	**-**	**-**	78,482	675,000
Units issued on conversion of 2004 vendor exchange notes	**166,284**	**1,348,480**	-	-
Units issued on exercise of 2003 warrants	**-**	**-**	62,200	534,920
Units issued on exercise of 2004 warrants	**-**	**-**	2,500	25,000
Units issued on acquisitions	**92,952**	**733,900**	57,143	500,000
Units repurchased and cancelled	**-**	**-**	(49,101)	(297,061)
Units redeemed	**-**	**-**	(61)	(488)
Units issued under reinvestment programs	**899,766**	**4,594,051**	557,360	4,363,332
Unitholders' capital, end of year	**9,357,008**	**$ 53,130,354**	7,778,466	$ 46,437,688

The Fund has guaranteed the unit price on units previously issued on certain acquisitions and currently held in escrow, to be released in annual amounts up to September 2006. If, at the time of release from escrow, the market value of the units differs from the guaranteed price, the Fund is either obligated to issue more units where the guaranteed price is higher than the market value, or alternatively, may claw back units in the case where the guaranteed price is less than market value. During 2005, the Fund issued 41,392 units under acquisition price guarantees and settled additional guarantees in cash for $48,000. Based on the December 31, 2005 market value of the units, the Fund would be obligated to issue approximately 190,000 additional units in respect of these guarantees, or may, at its option, settle the guarantees for cash.

On February 23, 2005, the Fund issued 166,284 units related to the exchange of $1,348,480 ($1,100,800 U.S.) of 2004 vendor exchange notes. The exchange notes were issued upon the acquisition of Gerber on February 2, 2004.

During 2005, the Fund issued 92,952 units as partial consideration to acquire both GNGS as well as Abbotsford Auto Body. During 2004, the Fund issued 57,143 units as partial consideration to acquire the remaining 50% of Anvil.

In 2003, the Fund adopted a "Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan" (the "DRIP"). The DRIP allows eligible unitholders to direct that their monthly cash distributions received from the Fund be reinvested in additional trust units at a 5% discount to the average market price. The Fund records the value of the units issued under the plan at the market price net of the discount. The DRIP includes both a premium distribution option and a distribution reinvestment option which allows participants to elect to either have the additional trust units issued held for their account under the plan or have the additional units delivered to a designated broker in exchange for a premium cash distribution paid by the broker equal to 102% of the amount of reinvested distributions. During 2005, unitholders elected to reinvest cash distributions of $2.6 million (2004 - $2.4 million) under the premium distribution option and $441,000 (2004 - $501,000) under the distribution reinvestment option. On November 30, 2005, commencing with the Fund's December 2005 distribution payment, the Fund elected to temporarily discontinue issuing units under the DRIP until further notice.

During the first quarter of 2005, the Fund acquired the business of GNGS, based in Chicago, Illinois, financing $620 thousand of the purchase price from excess cash generated from the Fund's distribution reinvestment programs in January and February 2005.

In conjunction with a $2.26 million offering of 2003 8% Convertible Subordinate debentures completed and issued in two closings on September 30, 2003 and November 10, 2003, the Fund issued 226,000 purchase warrants, at the rate of 100

warrants for each $1,000 of debenture issued, providing holders with the right to acquire, at a fixed exercise price of $8.60 per unit, a total of 226,000 units of the Fund. The warrants, issued in two series of 174,000 warrants on September 30, 2003 and 52,000 on November 10, 2003, expired two years from their respective dates of issue and were exercisable with or without conversion of the underlying debenture. During 2004, the holders exercised 31,200 warrants issued in the September 30, 2003 series and 31,000 warrants issued under the November 10, 2003 series, to purchase 62,200 units of the Fund for total proceeds of $534,920. During 2005, no warrants were exercised and the remaining 163,800 warrants expired.

In connection with the acquisition of Gerber, the Fund completed, on January 19, 2004, an underwritten private placement offering of 1,750,000 Subscription Receipts at a price of $8.00 per receipt, for total proceeds of $14.0 million. Upon successful completion of the acquisition transaction on February 2, 2004, each subscription receipt was exchanged for one trust unit of the Fund and one-half purchase warrant. Each purchase warrant provided the holder with the right to acquire one additional trust unit for each whole warrant, at an exercise price of $10 per unit. The 874,997 warrants issued will expire three years from the effective issue date, being the closing date of the acquisition transaction, or February 2, 2007. During 2004, holders exercised a total of 2,500 of the 2004 warrants to purchase 2,500 units of the Fund for total proceeds of $25,000. During 2005, no warrants were exercised.

As part of the sale of M&S Collision Center, Inc. on April 30, 2004, the Fund purchased and cancelled 49,101 units having a book value of $297,061, for an amount of $512,179. The premium paid to acquire the units, in the amount of $215,118, was charged to the deficit of the Fund.

On December 13, 2004, the Fund granted options to certain key employees allowing them to exercise the right to purchase up to 300,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on August 25, 2014. The granting of the options was approved at the unitholders' Annual Meeting in 2005. The options permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of December, 2004, being $7.48 per unit. The cost of the options will be recognized as compensation expense over the term between the date when unitholder approval was obtained and the date the options become exercisable.

On January 11, 2006, subject to ratification by the Board of Trustees and approval by the unitholders at the next annual meeting, the Fund granted options to certain key employees allowing them to exercise the right to purchase up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on September 23, 2015. The options would permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being $1.91 per unit. The cost of the options will be recognized as compensation expense over the term between the date when unitholder approval is obtained and the date the options become exercisable.

The following chart discloses outstanding unit data of the Fund, including information on all outstanding securities of the Fund and its subsidiaries that are convertible or exchangeable for units of the Fund as of March 22, 2006.

Securities		# or $ Amount of Securities Outstanding	# of Units to be Issued on conversion or Exchange by Holder	Maximum # of Units to be issued
Units outstanding		9,367,585	9,367,585	9,367,585
Class A common shares of BGHI(1)		923,957	923,957	923,957
Convertible debentures:				
1998 Series I - 8.5% debentures(2)	$	83,858	17,820	17,820
2002 - 8.0% debentures(3)	$	2,317,000	289,625	419,746
2003 - 8.0% debentures(4)	$	1,585,000	184,302	368,396
2004 Exchangeable notes –6.4%(5)	$	8,197,676	1,062,116	1,253,713
2005 Exchangeable note –6.0%(6)	$	582,950	74,075	100,000
Warrants:				
Issued February 2, 2004(7)		872,497	872,497	872,497
Unit options:				
Grant date – December 13, 2004(8)		300,000	300,000	300,000
Total			12,791,977	13,323,714

(1) The Fund is obligated to issue units to BGHI, in exchange for Class B shares of BGHI, upon a request for retraction by the holders of the Class A shares of BGHI. Following February 29, 2004, all Class A shares retracted are to be exchanged for units of the Fund on a 1:1 basis.

(2) The 1998 Series I 8.5% convertible debentures are convertible, at the option of the holder, to units of the Fund, at any time, at a fixed conversion price of $4.71 per unit. The Fund, through the Company, has the right to settle the principal amount of the debentures, at any time upon 30 days notice and not more than 60 days notice, through the issue of units at the fixed price of $4.71.

(3) The 2002 8.0% convertible debentures are convertible, at the option of the holder, to units of the Fund at any time, at a fixed conversion price of $8.00 per unit. The Fund, through the Company, has the right to settle the principal amount of the debentures at maturity through the issue of units, at then market prices, subject to a floor price of $5.52 per unit.

(4) The 2003 8.0% convertible debentures are convertible, at the option of the holder, to units of the Fund at any time, at a fixed conversion price of $8.60 per unit. The Fund has the right to settle the principal amount of the debentures after the first anniversary of their issue up to maturity through the issue of units, at then market prices, subject to a floor price of $4.41 per unit. In addition, the Fund has the right to redeem all or any part of the debentures, at any time upon 30 days notice and not more than 60 days notice in cash or units plus 2.5 percent.

(5) The exchangeable notes are exchangeable, at the option of the holder, to units of the Fund at the rate of up to 40% of the original principal amount after the first anniversary, 60% of the original principal amount after the second anniversary, 80% of the original principal amount after the third anniversary and 100% of the original principal amount after the fourth anniversary, at a fixed price of $6.62 U.S. per unit. The Fund, through the Company, has the right to settle the exchangeable notes at maturity, through the issue of trust units, at current market price, such price not to exceed the fixed price of $6.62 per unit, and subject to issuing a maximum number of units calculated by dividing the value of the notes then outstanding by a floor price of $5.61 U.S. per unit.

(6) On January 28, 2005, the Fund acquired the business of GNGS. A portion of the purchase price was financed by way of a $500,000 (U.S.) vendor exchangeable note. The holder of the exchange note has the right to exchange

the note for units of the Fund, at the rate of up to 10% of the original principal amount after the first anniversary, 15% of the original principal amount after the second anniversary, 15% of the original principal amount after the third anniversary, 30% of the original principal amount after the fourth anniversary and 30% of the original principal amount after the fifth anniversary, at a fixed exchange price of $6.75 U.S. per unit. The Fund, through the Company, has the right to repurchase units issued under terms of the exchange formula at market prices. The Fund also has the right, both upon settlement of the principal amount of the exchange note at maturity or at any earlier time due to acceleration, to satisfy the principal balance of the note through the issue of trust units at market prices, subject to a floor price of $5.00 U.S. per unit.

(7) The Fund issued 874,997 purchase warrants on February 2, 2004 in connection with a $14.0 million issue of units related to the Gerber acquisition. The warrants can be exercised to acquire trust units at a fixed price of $10.00 per unit, and will expire in three years from the date of issue.

(8) On December 13, 2004, the Fund granted options to certain key employees allowing them to exercise the right to purchase up to 300,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on August 25, 2014. The granting of the options was approved at the unitholders' Annual Meeting in 2005. The options permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of December, 2004, being $7.48 per unit. The cost of the options will be recognized as compensation expense over the term between the date when unitholder approval was obtained and the date the options become exercisable.

The Fund does not anticipate continuing to issue additional trust units at this time. The Fund will also continue to assess the need to issue new equity in 2006. The Fund expects to raise new debt or equity in advance of requiring the funds where a market opportunity exists and where the objective is to ensure ample capital is available for future growth.

Non-controlling Interest Converted to Shareholders' Capital

As part of the Arrangement in 2003, the Fund received and continues to have voting control of BGHI. However, it does not have any significant economic interest in the activities of BGHI since all dividends received by BGHI from Boyd are passed on to external shareholders as dividends paid on the Class A common shares. As such, BGHI represented a minority ownership position and was accounted for as a non-controlling interest of the Company, until March 1, 2005.

After the Arrangement, for a period of two years, the Class A common shareholders of BGHI were not entitled to receive distributions of earnings economically equivalent to distributions received by unitholders of the Fund. As well, there were restrictions limiting the exchange of BGHI Class A common shares for units of the Fund. On March 1, 2005, the Class A common shareholders of BGHI became entitled to receive distributions of earnings economically equivalent to distributions received by unitholders of the Fund and all restrictions limiting the exchange of Class A common shares into units expired. As a result, shareholders of BGHI became equivalent to unitholders. Accordingly, the exchangeable Class A common shares of BGHI and related accounts, since March 1, 2005, are presented in combination with the consolidated balance sheet of the Fund as shareholders' capital for December 31, 2005, rather than as non-controlling interest.

A Class A common shareholder of BGHI can exchange the Class A common share for a unit of the Fund upon a request for retraction received from a shareholder at any time after February 28, 2003. This retraction is achieved by BGHI issuing Class B common shares to the Fund in exchange for units of the Fund, and the units so received being delivered to the Class A shareholder requesting the retraction. For the period from January 1, 2005 to February 28, 2005, BGHI received requests and retracted 5,143 Class A common shares, issued 5,143 Class B common shares to the Fund and received 5,143 units of the Fund as consideration, which were delivered to the Class A shareholders in respect of the retraction. For the period from March 1, 2005 to the end of the year, BGHI received requests and retracted 367,718 Class A common shares, issued 367,718 Class B common shares to the Fund and received 367,718 units of the Fund as consideration, which were delivered to the Class A shareholders in respect of the retraction.

During the second quarter of 2004, the Fund sold its investment in the Class B common shares of BGHI to the Company. As a result, and up to March 1, 2005, the Fund's investment in BGHI and the dividends received and receivable on such investment were recorded as a reciprocal investment and netted with non-controlling interest.

Subsequent to December 31, 2005, BGHI has received requests to retract a total of 10,577 Class A common shares, has issued a total of 10,577 Class B common shares to the Fund, and has received a total of 10,577 units of the Fund as

consideration, which have been or will be delivered to the Class A shareholders in respect of the retraction. The Fund anticipates that it will continue to sell any Class B shares of BGHI that it receives as a result of these retractions, to the Company.

The holders of the Class A common shares received cash dividends on a monthly basis at a rate established as a percentage of the cash distributions expected to be paid on trust units. During the first year following the effective date through February 28, 2004, holders of the Class A shares of BGHI received monthly cash dividends per share equal to 40% of the cash distribution paid per unit to holders of the Fund units. In the second year, for the period from March 1, 2004 through February 28, 2005, holders of the Class A shares received monthly cash dividends per share equal to 70% of the cash distribution per unit paid to holders of the Fund units. After this two-year period, effective for dividends declared after February 28, 2005, the monthly cash dividend per share on a Class A shares of BGHI became equivalent to the monthly cash distribution paid to unitholders of the Fund.

In conjunction with the Fund adopting the DRIP, the Company adopted a premium dividend reinvestment plan under which BGHI could direct that cash dividends received be reinvested in the Company in exchange for additional trust units in the Fund. Under the terms of this plan, the Company would also elect that the trust units received be delivered to a designated broker in exchange for a premium distribution equal to 102% of the reinvested amount. During 2005, BGHI elected to reinvest \$1.5 million (2004 – \$1.5 million) of dividends declared payable by the Company. On November 30, 2005, concurrent with the Fund's decision to temporarily discontinue issuing units under its DRIP programs, Boyd elected to temporarily discontinue issuing units under the premium dividend reinvestment plan as well.

On May 1, 2004, All-Consolidated Auto Rebuilders, Inc., one of the Fund's U.S. subsidiaries, transferred a portion of its operating assets to Harvey LLC, a new corporation, in consideration for a 75% ownership in the new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity into the new business. The operating results of the new entity have been included in the consolidated results of the Fund for the period from inception to December 31, 2005, with the 25% related party ownership reflected as non-controlling interest. Due to the re-characterization of BGHI class A common shares from non-controlling interest to shareholders' capital, the balance in non-controlling interest as at December 31, 2005 is comprised solely of the 25% ownership in Harvey LLC.

The following provides a continuity of the non-controlling interests in the Fund for the years ended December 31, 2005 and December 31, 2004:

	2005		2004	
	Shares	**Amount**	Shares	Amount
Non-controlling interest, beginning of year	**2,062,863**	**\$ 1,113,680**	2,062,863	\$ 6,691,342
Less minority percentage of the loss of the Company for the period from January 1, 2005 to February 28, 2005 and the year 2004	-	**(223,164)**	-	(1,719,976)
Less dividends paid to BGHI from January 1, 2005 to February 28, 2005 and the year 2004	-	**(274,360)**	-	(1,391,401)
Less accrued dividend payable to BGHI	-	-	-	(137,180)
Less reciprocal investment by the Company in BGHI	-	**(20,879)**	-	(3,278,465)
Class A common shares retracted	**(5,143)**	**(20,879)**	(749,743)	(3,043,795)
Class B common shares issued for units in settlement for retractions	**5,143**	**20,879**	749,743	3,043,795
Add dividends received and receivable on Class B shares from January 1, 2005 to February 28, 2005 and the year 2004	-	**101,074**	-	437,805
Less remaining non-controlling interest eliminated on the combination of Class A shares within the Fund	**(2,062,863)**	**(184,796)**	-	-
Add portion of distributable profits (loss) of Harvey LLC	-	**(11,512)**	-	47,078
Add contribution by minority equity holder in Harvey LLC	-	-	-	532,746
Less distributable profits paid to minority equity holder in Harvey LLC	-	**(38,834)**	-	-
Foreign exchange adjustment in Harvey LLC	-	**(14,294)**	-	(68,269)
Non-controlling interest, end of year	-	**\$ 446,915**	2,062,863	\$ 1,113,680

Trading Partner Funding – Prepaid Rebates and Loans

In July 1999, the Company entered into agreements with strategic trading partners, with subsequent amendments that provided, among other things, approximately $25 million in prepaid rebate funding over a period of three to six years to be used to fund the acquisition or start-up of collision repair facilities. The funding, received in the form of prepaid material purchase rebates from the trading partners, has been recorded as unearned rebates when received and has been amortized as a reduction of cost of sales as the rebates were earned, pursuant to the terms of the agreement, over a period of 84 months from the date of receipt. Subject to certain obligations, performance criteria or certain events occurring, the Company was not required to repay this funding.

Under the terms of the agreements, the Company was obligated to purchase the trading partners' products on an exclusive basis for a term that extended beyond the 84-month amortization period. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners were required to continue to price their products competitively to the Company.

The nature of these prepaid rebates provided the Fund with another source of available capital, without interest cost or dilution, to support its growth strategy. During 2004, the Fund received $6.7 million for the Gerber acquisition and another $2.0 million relating to the Georgia acquisitions and new start-ups in Arizona and Illinois. During 2005, the Fund received $0.3 million to assist in the financing of two January 1, 2005 acquisitions in British Columbia and Alberta. Since the inception of the agreement with the trading partners, Boyd has received approximately $23.4 million of the $25 million available facility.

Early termination or default by the Company required the Company to repay the aggregate un-amortized balance of the funding received plus interest from the date of termination or default to the date of repayment. The Company would also be required to repay the un-amortized balance of the prepaid rebate received with respect to any particular acquisition or start-up, upon certain events occurring, such as sale or closure of a particular location for which funding was received. In 2004, as a result of the sale of M&S Collision Center, Inc. in Indiana and the sale of the business assets of Service Collision Center, Inc. in Kansas, the Company, with agreement from its trading partners, offset a repayment of $249,209 of the un-amortized funding balance against new amounts that would otherwise have been drawn during the fourth quarter. No amounts were required to be repaid under the terms of these agreements in 2005.

In addition, failure to meet certain performance criteria with respect to a particular acquisition or start-up for which funding was received, eliminated or reduced the amount of funding available for future new businesses. In early 2004, the amount of funding requested and otherwise available for the Gerber acquisition was reduced by an adjustment amount of $407,000 relating to shortfalls in performance criteria for prior acquisitions completed in 2001 and 2002. In 2005, prepaid rebates, in the amount of $274,000 were not requested for new start-ups in Washington and Illinois due to performance test shortfalls related to the AWC Collision Center ("AWC") acquisition.

In the case of AWC, certain performance criteria were tested effective January 1, 2005, and an adjustment amount of $2.6 million U.S. was determined. This amount, once determined, was applied to reduce future funding for new businesses between January 1, 2005 and March 31, 2006, after which time, in accordance with the then current terms of the agreements, any adjustment amount would become repayable. As previously mentioned, funding requests, in the amount of $0.3 million were deferred during 2005 to reduce this balance. In the case of the Gerber acquisition, the performance criteria were tested effective July 1, 2005 and an adjustment amount of $1.1 million U.S. was determined. This amount would also be applied to reduce future funding for future acquisitions and start-ups. No future funding amounts were applied during 2005 to reduce this balance. Subsequent to the end of the year, and effective January 1, 2006, additional performance criteria tests were performed for all the remaining untested prepaid rebates. Additional adjustment amounts were determined totaling $769,000. Upon the early termination of the agreements by the Fund, on February 14, 2006, the performance adjustment amounts outstanding that were not applied to reduce future acquisition funding became repayable within 30 days of the date of termination. All amounts outstanding were settled on February 14, 2006 using proceeds from the new supplier arrangements.

On November 10, 2003, the Company amended its agreement with its trading partners which provided for a $15 million acquisition loan facility to fund the acquisition and start-up of new collision repair businesses. Loan advances for any particular acquisition or start-up were subject to certain limits, and were in part dependent upon the amount of prepaid rebate funding requested or available for a particular transaction. Each loan advanced in respect of a transaction was supported by a Promissory Note, with a five-year term and annual interest-only payments, based on one year LIBOR rates plus 3.5%, due on the anniversary date of each note. The full principal amount of each note was due on maturity, or within 90 days of the date that the Fund elected to sell or close any business for which loan funding was provided and a

promissory note balance remained outstanding. The promissory notes were subject to certain covenants and conditions, and were supported by a limited guarantee provided by 4612094 Manitoba Inc., a party related to the Fund. A guarantee fee, in the amount of $395,267, was approved by the Board of Directors on January 19, 2004, with the initial fee of $250,000 paid immediately and an additional fee of $145,267 paid on January 1, 2005. As at December 31, 2005, the Fund had requested and received $13.6 million in loan funding of which $750,000 was forgiven and immediately recognized in earnings as a reduction to cost of sales in 2003 and 2004. During 2004, the Fund received $10.0 million in loan funding, primarily for the Gerber acquisition. During 2005, the Fund received an additional $3.6 million in loan funding for the Georgia, Abbotsford and Automation acquisitions as well as the Illinois, Arizona and Washington start-ups. On February 14, 2006, Boyd repaid this loan facility with the proceeds received from a new $13 million U.S. credit facility with a U.S. bank and the limited guarantee was released.

On February 14, 2006, by mutual agreement with certain key trading partners, Boyd terminated its prepaid material rebate agreement concurrent with the closing of a new long term exclusive supply agreement with an alternate supplier. Replacement prepaid rebates received from the new supplier were used to repay all obligations associated with the prior agreement.

Rebates received and receivable under the replacement facility, as well as other one time benefits derived from the new supply agreement, will be deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over a period of 15 years. The initial rebate received will be tested after three years, with any over funding being adjusted against additional payments receivable in subsequent years. The Company will be obliged to purchase the suppliers' products on an exclusive basis over the term of the agreement. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Company. Additional prepaid rebates are available for new acquisitions and start-ups and regular testing of the criteria used to determine additional rebates will apply, with any under-funded or over-funded amounts to be paid to or repaid by the Company at that time. Termination of the arrangement would require Boyd to repay all un-amortized balances and any other amounts as determined within the agreement.

Starting in February 2006, the Fund's results will reflect a lower gross profit percentage, and therefore reduced earnings, due to reduced amortization associated with the new prepaid rebate facility. The previous facility allowed for amortization of rebates over seven years. The replacement rebates and other benefits received and receivable, net of costs incurred, will be amortized over a period of 15 years, which is longer than the seven year period of amortization used for 2005 and prior.

On January 28, 2005, the Fund acquired GNGS, based in Chicago, Illinois. A portion of the purchase was financed by way of a five year $500,000 (U.S.) supplier loan due January 20, 2010. The note bears interest at U.S. prime rate plus 2% and is repayable in quarterly installments of $25,000 (U.S.). Interest on the loan shall be deferred and forgiven upon satisfaction of purchase and payment requirements under a supply agreement entered into between Boyd and the supplier as part of the conditions for the loan. Boyd anticipates that it will be able to meet these conditions and that the interest will be forgiven. Should interest become due, it becomes payable annually.

Debt Financing

As at December 31, 2005, the Company had an operating line of $10.0 million and a senior term facility in place in the amount of $9.4 million U.S. due January 15, 2009. The senior term facility is a committed reducing facility, secured by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. During the first quarter the Company made an $800,000 U.S. prepayment of its term facility. During the third and fourth quarters the Company made an additional $300,000 U.S. in mandatory debt repayments. Subsequent to December 31, 2005, in conjunction with the closing of the new trading partner arrangements and U.S. bank refinancing, the Company repaid an additional $1.8 million U.S. of the term facility, being the final payment due on January 15, 2009. Concurrent with this repayment, the Company's senior lender increased the Company's operating line from $10.0 million to $12.0 million. The security position held by the senior lender in the shares and assets of Gerber, excluding receivables, was released by the senior lender to be provided as security for the new U.S. bank financing. The remaining senior term facility will amortize quarterly with a total of $1.2 million U.S. due in 2006, $2.4 million U.S. due in 2007 and $4.0 million U.S. due in 2008.

On February 14, 2006, the Company obtained, and fully drew, a new term debt facility with a U.S. bank for $13.0 million U.S. The facility is supported by an initial five year promissory note due January 31, 2011 with six quarterly principal repayments, in the amount of $375,000 U.S., beginning October 31, 2009 and continuing thereafter on the last day of January, April, July and October 2010 as well as January 31, 2011. The sixth quarterly installment shall also include the remaining principal amount of the term loan unless the facility is extended. Subject to certain conditions, the Company has

the option to renew the facility, on terms not less favorable, for an additional ten years providing quarterly principal repayments continue in annual U.S. amounts as follows:

Year 6 - $ 1,500,000
Year 7 - $ 1,500,000
Year 8 - $ 1,500,000
Year 9 - $ 1,200,000
Year 10 - $ 1,100,000
Year 11 - $ 900,000
Year 12 - $ 800,000
Year 13 - $ 800,000
Year 14 - $ 800,000
Year 15 - $ 650,000

Interest rates are based on LIBOR plus 2.5% for LIBOR loans or U.S. prime rate less 0.25% for floating rate loans or the U.S. Bank's cost of funds plus 2.5% for fixed rate loans. The facility is secured by a pledge of the shares and assets, excluding receivables, of Gerber as well as a third party guarantee. The terms and conditions of the loan are similar to those contained in the Company's senior debt facility.

The Fund has traditionally used capital leases to finance a portion of its maintenance capital expenditures. The Fund expects to continue to use this source of financing where available at favourable interest rates and on reasonable terms, although this financing also impacts the total leverage capacity under the senior credit facility covenants. In 2003, $3.9 million of the proceeds of an initial public offering were set aside in a cash reserve account to be used to fund future capital lease payments (principal and interest) relating to the outstanding balance of capital leases at December 31, 2002. At December 31, 2005, the cash reserve for these capital leases totaled $0.5 million (December 31, 2004 - $1.2 million) and outstanding capital lease obligations totaled $0.3 million (December 31, 2004 - $1.4 million). During 2004, $0.7 million of equipment expenditures were financed through capital leases in connection with the three Chicago start-ups. During 2005, $1.1 million of new equipment and courtesy cars was financed through capital leases, of which an additional $0.6 million related to two additional start-ups in Chicago. Subsequent to December 31, 2005, in conjunction with the closing of the new trading partner arrangements and U.S. bank refinancing, the Company repaid the remaining balances of the capital leases associated with the Chicago start-ups of approximately $1.0 million U.S. The Fund anticipates continuing to use capital lease financing as a source of funding acquisition, development and sustaining equipment and vehicle capital expenditures.

On February 2, 2004, the Fund indirectly, through the Company, issued exchangeable vendor notes to the three principal owners of Gerber in a total amount of $10.8 million ($8.1 million U.S.). The exchangeable notes bear interest at a fixed rate of 6.4% per annum, payable quarterly, commencing on May 1, 2004 and continuing to and including February 1, 2008. The entire principal balance of the notes is due and payable in four years, at the February 1, 2008 maturity date. The holders of the exchange notes have the right to exchange the notes for units of the Fund, at a fixed exchange price of $6.62 U.S. and in accordance with the following exchange formula:

(i) no portion of the note may be exchanged prior to the first anniversary of the date of note;

(ii) 40% of the original principal amount of the notes may be exchanged for units after the first anniversary and prior to the second anniversary of the date of the notes;

(iii) 60% of the original principal amount of the notes may be exchanged for units after the second anniversary and prior to the third anniversary of the date of the notes;

(iv) 80% of the original principal amount of the notes may be exchanged for units after the third anniversary and prior to the fourth anniversary of the date of the notes; and

(v) 100% of the original principal amount of the notes may be exchanged for units after the fourth anniversary and prior to the fifth anniversary of the date of the notes.

The rights of the holders to exchange the notes are also subject to certain terms and conditions of the purchase and sale agreement between the parties. The Fund has the right to repurchase units issued under terms of the exchange formula at market prices. The Fund also has the right, both upon settlement of the principal amount of the exchange notes at maturity or at any earlier time due to acceleration, to satisfy the principal balance of the notes through the issue of trust units, at the lesser of the $6.62 U.S. exchange price or a market price, and subject to issuing a maximum number of units calculated by dividing the value of the notes then outstanding by a floor price of $5.61 U.S. per unit.

On January 28, 2005, the Fund acquired the business of GNGS. A portion of the purchase price was financed by way of a $500,000 (U.S.) vendor exchangeable note due January 28, 2010. The exchangeable note bears interest at a fixed rate of 6.0% per annum, payable quarterly, commencing on April 28, 2005 and continuing to and including January 28, 2010. The entire principal balance of the note is due and payable in five years, at the maturity date. The holder of the exchange note has the right to exchange the note for units of the Fund, at a fixed exchange price of $6.75 U.S. and in accordance with the following exchange formula:

(i) no portion of the note may be exchanged prior to the first anniversary of the date of note;

(ii) 10% of the original principal amount of the note may be exchanged for units after the first anniversary and prior to the second anniversary of the date of the note;

(iii) 15% of the original principal amount of the note may be exchanged for units after the second anniversary and prior to the third anniversary of the date of the note;

(iv) 15% of the original principal amount of the note may be exchanged for units after the third anniversary and prior to the fourth anniversary of the date of the note; and

(v) 30% of the original principal amount of the note may be exchanged for units after the fourth anniversary and prior to the fifth anniversary of the date of the note;

(vi) 30% of the original principal amount of the note may be exchanged for units on or after the fifth anniversary of the date of the note.

The rights of the holders to exchange the note are also subject to certain terms and conditions of the purchase and sale agreement between the parties. The Fund has the right to repurchase units issued under terms of the exchange formula at market prices. The Fund also has the right, both upon settlement of the principal amount of the exchange note at maturity or at any earlier time due to acceleration, to satisfy the principal balance of the note through the issue of trust units at market prices, subject to a floor price of $5.00 U.S. per unit.

The Fund expects to continue to supplement its debt financing by negotiating with vendors in certain acquisitions to provide financing to the Fund in the form of term notes. The notes payable to vendors are typically at favourable interest rates and for terms of 5-10 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. During 2005, other than the vendor exchange note related to the Globe Amerada Glass Network acquisition, no additional vendor financing was completed. During 2004, in order to facilitate the financing of two repair facility acquisitions in Georgia, two new vendor notes were issued totaling $871,000 U.S. The first note, in the amount of $371,000 U.S. was payable January 31, 2005 and bore interest at 8.0% per annum if not repaid by that date. The note was repaid on its due date. The second note, originally in the amount of $500,000 U.S., bears interest at 4.0% per annum and is repayable in $50,000 U.S. annual installments each August 16 (beginning in 2005) for four years with a $300,000 U.S. final payment on August 16, 2009. The Fund has the option to make principal repayments either in cash or trust units.

During 2005, the Fund repaid vendor loans totaling approximately $603,000 (2004 - $94,000).

Investing Activities

Acquisitions & Start-Ups

On January 1, 2005, the Fund purchased 100% of the shares of Abbotsford Auto Body Ltd., a single location repair facility located in Abbotsford, British Columbia.

On January 1, 2005, the Fund also purchased the business assets of Automation Paint & Body, located in Calgary, Alberta.

On January 28, 2005 the Fund acquired the Globe Amerada Glass Network division of Globe-Amerada Glass Company. The Globe Amerada Glass Network is an auto glass repair and replacement referral business based in Chicago, Illinois.

On May 16, 2005, to facilitate new start up facilities in Illinois, the Fund purchased the business assets of Orland Park Auto Body, located in Oak Forest, Illinois.

On July 26, 2005, the Fund purchased the business assets of Western Auto Glass, located in Calgary, Alberta.

During 2004, the Fund purchased 100% of the shares of The Gerber Group, Inc., a collision repair group operating in the greater Chicago, Illinois area. The group operated 16 repair facilities, with two additional facilities under development. The acquisition was financed through a combination of prepaid rebates and acquisition loans from trading partners, vendor exchange notes and a portion of a $14 million private placement. In addition, the Fund purchased the business assets of Best Way Auto Repair, also located in Chicago, Illinois, as well as the remaining 50% of the shares in 1st Choice Mobile Auto Glass Dealers Inc., in Vancouver, British Columbia and the shares of Cartech of Decatur, Inc. and Cartech of Towncenter, Inc., both located in Atlanta, Georgia.

The Fund has accounted for the acquisitions using the purchase method as follows:

	2005	2004
Identifiable net assets acquired at fair value:		
Current assets	**$ 1,944,679**	$ 9,572,301
Property, plant and equipment	**601,718**	3,823,336
Identified intangible assets		
Customer relationships	**2,355,430**	14,590,400
Brand name	**123,970**	3,979,200
Non-compete agreements	**-**	1,989,600
Software customization costs	**-**	464,240
Liabilities assumed	**(1,979,502)**	(6,997,590)
Identifiable net assets acquired	**3,046,295**	27,421,487
Goodwill	**822,008**	13,989,391
Total purchase consideration, including acquisition costs	**$ 3,868,303**	$ 41,410,878
Consideration provided		
Cash	**$ 2,503,603**	$ 28,812,793
Trust units	**744,850**	500,000
Vendor notes	**619,850**	12,098,085
Total consideration provided	**$ 3,868,303**	$ 41,410,878

U.S. acquisition transactions are initially recognized and shown as above in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the balance sheet date. The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition.

Of the total additions to goodwill identified above, $724,094 (2004 - $629,590) relate to the Canadian geographic segment.

During 2005, additional purchase price paid on prior years acquisitions, as a result of certain contractual agreements, amounted to $388,403 (2004 - $260,541) of which $nil (2004 - $nil) was paid by issuing additional units. The additional purchase price paid was allocated to goodwill. Certain acquisitions include unit price guarantees or provisions for contingent purchase price amounts if certain financial performance is achieved.

Subsequent to the end of the year, a portion of the operating assets associated with the Western Auto Glass acquisition were resold back to the original owner.

Capital Expenditures

Excluding expenditures related to acquisition and expansion, the Fund spent approximately $1.4 million or 0.7% of sales on sustaining capital expenditures during 2005, compared to $0.7 million or 0.4% of sales during 2004. The Fund expects that the level of sustaining capital expenditures, excluding amounts financed by way of capital leases, will remain at or below 1% of sales for 2006.

In conjunction with the reorganization to the income trust structure, the Fund set aside $2.0 million of the proceeds of the initial public offering as a reserve to fund capital expenditures specifically related to branding and upgrading of collision repair facilities. In addition, as part of the renewal of the senior credit facilities, which was effective September 30, 2004, the Fund set aside an additional $2.0 million from the proceeds of the $14.0 million private placement completed in February 2004, in part, to fund the acquisition of The Gerber Group, Inc. Of this $14.0 million private placement proceeds, only approximately $12.0 million was originally required to finance the acquisition. This additional reserve along with the remaining balance of the initial $2.0 million branding and upgrade reserve will cover all future sustaining capital, branding and upgrade expenditures of the Fund until exhausted. These reserved capital expenditures are excluded from the calculation of distributable cash from the effective date of the reserves. At December 31, 2005, the balance in this capital expenditure reserve is $1.1 million. This reserve amount can be supplemented by re-allocating amounts from the DRIP reserve.

During 2005, the Fund disposed of equipment, principally consisting of courtesy vehicles, for net proceeds totaling $130,000 compared to total proceeds from equipment and vehicle disposals of $325,000 in 2004. The Fund anticipates that it will continue to generate proceeds on disposal of equipment, and particularly courtesy vehicles as these vehicles are purchased off capital leases and ultimately sold. Fewer courtesy vehicles are being replaced due to the growth of loss-of-use insurance policies, which provide policyholders with rental vehicles. Where courtesy vehicles have been replaced, these replacements have, in certain circumstances, been obtained using operating leases.

RELATED PARTY TRANSACTIONS

During the year, the Fund engaged in the following transactions with related parties:

a) Management services fees paid to C.C. Collision Repair Management Limited Partnership ("C.C. Repair") totaling $1,048,966 (2004 - $909,633). C.C. Repair, an entity owned by parties related to senior officers of the Fund, employs all of the Fund's operations managers for its Manitoba locations, as well as certain senior corporate management staff and provides the services of these personnel to the Fund under contract. Other than $24,000 (2004 - $24,000), all of the management fees collected by C.C. Repair were in turn paid out in expenses, either directly or indirectly to these employees of C.C. Repair for salaries, wages and benefits, or for other expenses associated with the delivery of management services;

b) Property rent totaling $50,698 (2004 - $51,440) paid to 3577997 Manitoba Inc., a subsidiary of Coast to Coast Collision Centres Inc, an entity owned by parties related to senior officers of the Fund. The payments represent premises rental expense for the Fund's collision repair location at 139 Main Street, Selkirk, Manitoba, which is owned by 3577997 Manitoba Inc. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the lease are representative of fair market value;

c) The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $502,400 (2004 - $650,874), through BGHI to 4612094 Manitoba Inc., an entity owned directly or indirectly by senior officers of the Fund. At December 31, 2005, 4612094 Manitoba Inc. owned 600,538 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI. On April 1, 2005, 4612094 Manitoba Inc. converted 277,834 Class A common shares to units of the Fund. This exchange took place at carrying value;

d) On November 10, 2003, 4612094 Manitoba Inc. provided a limited guarantee, on behalf of the Company, in order to obtain acquisition financing from certain trading partners. A guarantee fee, in the amount of $395,267, was approved by the Board of Directors on January 19, 2004, with an initial fee of $250,000 payable immediately and an additional fee of $145,267 paid January 1, 2005;

e) On February 1, 2004, the Company issued $8.1 million U.S. of exchangeable notes to the vendors as part of the purchase of The Gerber Group, Inc. The Company has retained former owners of Gerber in senior officer positions in its U.S. operations. These senior officers originally held $3,606,538 U.S of the exchangeable notes issued. During the year, $1,348,480 of the notes were converted into units, leaving the senior officers with a balance of $2,942,646 U.S. During 2005, the Company paid interest on the exchangeable notes to these senior officers totaling $235,757 (2004 - $250,709);

f) On May 1, 2004, All Consolidated Auto Rebuilders, Inc. one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to a new entity, Harvey LLC, in consideration for a 75% ownership in this new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity to the new business. The operating results of the new entity have been included in the consolidated results of the Fund for the period from inception to December 31, 2005, with the employee's 25% ownership reflected as part of the non-controlling interest. The Fund provided a loan, in

the amount of $340,748 U.S. to this employee, to assist the employee in acquiring the 25% equity interest in Harvey LLC. The principal of the note was reduced during the year by $12,162 U.S. from distributable profits of the business, leaving a balance of $328,586 U.S. The Fund has recorded the loan as a note receivable from the employee, payable from the distributable profits of the Harvey LLC business;

g) Property rent totaling $110,905 (2004 - $108,336) was paid to Gerber Building No. 1 Partnership, an entity owned 40% by officers of The Boyd Group (U.S.), Inc. The payments represent premises rental expense for the Fund's collision repair location at 275 Sundown Road, South Elgin, Illinois. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship;

h) Autofit Retainers & Tools, a supplier of automotive parts, recorded sales to the Fund in the amount of $64,231 (2004 - $55,348) of which $9,350 (2004 - $8,856) was allocated as income to The Terry Smith Family Trust. The supplier relationship between Autofit Retainers & Tools and the Fund does not include any non-standard terms and the transactions of this arrangement are accounted for at the exchange amount;

i) Certain advertising and related expenses are paid to CMS Inc., a company owned by the spouse of a senior management employee of the Fund. During 2005, these expenses amounted to $91,104 (2004 - $160,465) and are accounted for at the exchange amount;

j) Property rent totaling $134,093 (2004 - $135,424) was paid to Chassie Holdings Ltd., a company controlled by an officer of the Company. The payments represent premises rental expense for the Fund's collision repair locations in Red Deer and Olds, Alberta. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship.

FOURTH QUARTER

Sales for the three months ended December 31, 2005 totaled $45.9 million, an increase of $3.5 million or 8.3% compared to the same period in 2004 (after adjusting for the effect of discontinued operations during 2004 and the first quarter of 2005). Sales growth of $4.4 million or 10.4% was attributable new start-up repair centers developed in late 2004 and 2005, a repair centre in Abbotsford, B.C., GNGS and new glass initiatives in the U.S. Same store sales declined by $0.9 million. This decline was due primarily to the impact of foreign currency translation attributable to sales generated from the Company's U.S. operations. Excluding the effects of currency translation and acquisition growth, overall same store sales increased $0.2 million or 0.4% for the quarter.

Sales in Canada for the fourth quarter of 2005 increased $1.3 million, or 9.2%, to $15.5 million. Approximately half of the sales growth in Canada, or $0.6 million representing a 4.4% increase, was due to new sales from acquisitions in 2005. Same store sales in Canada also increased $0.7 million or 4.8% during the quarter. A portion of this same store sales increase is attributable to incremental revenues after the relocation of a Calgary, Alberta collision repair centre facilitated by the acquisition of the business assets and location of Automation Paint and Body in the first quarter of 2005.

In the U.S., sales totaled $30.4 million for the three months ended December 31, 2005, an increase of $2.2 million or 7.9% when compared to $28.2 million for the same period in the prior year. Sales in the U.S. included new sales, in the amount of $3.8 million, from the Illinois area start-ups, GNGS and new glass revenues realized in the Arizona, Nevada, Georgia and Washington markets utilizing the synergies of GNGS. Same store sales in the U.S., including the impact of foreign exchange translation, declined $1.5 million or 5.6% when compared to the same period in the prior year. Translation of U.S. revenues at a weaker U.S. dollar exchange rate, relative to the Canadian dollar, accounted for $1.0 million of the total decline in U.S. same store sales. Excluding the impact of foreign currency translation, acquisitions, start-ups and new glass initiatives including GNGS, U.S. same store sales decreased by $0.5 million or 1.9%.

EBITDA for the fourth quarter of 2005 totaled $3.1 million or 6.6% of sales compared to $3.6 million or 8.5% of sales in the same period of the prior year. EBITDA for the fourth quarter of 2004 was impacted by foreign exchange gains totaling $0.8 million associated with a $1.7 million U.S. repayment of senior bank debt.

Net Earnings for the fourth quarter, after giving effect to the non-controlling interest, and after discontinued operations, was a loss of $1.0 million, an improvement of $0.9 million when compared to a loss of $1.9 million for the same period in the prior year. Losses in the fourth quarter of both years were the result of the write-down of goodwill during those quarters.

Distributable cash generated for the fourth quarter of 2005 was $1.8 million compared to $2.3 million for the same period of 2004. Distributable cash for the fourth quarter of 2004 includes the foreign exchange gains totaling $0.8 million

associated with a $1.7 million U.S. repayment of senior bank debt. Distributions paid to unitholders and shareholders of BGHI for the same periods of time were $2.0 million for 2005 compared to $2.6 million for 2004. Distributions paid during 2005 were reduced in May 2005 from an annual rate of $1.14 to $0.70 per unit and Class A and B share.

FINANCIAL INSTRUMENTS

For the Fund's current financial assets and liabilities, which are subject to normal trade terms, the historical cost carrying values reasonably approximate the fair value of these financial instruments.

As there is no ready market for the Fund's long-term debt, capital lease obligations, convertible debentures and exchangeable notes, the fair value of these financial instruments has been estimated using approaches based on the discounted cash flow method. The fair value of these items using the discounted cash flow method is approximately equal to their current carrying values.

The Fund uses the following financial instruments in the conduct of its business:

1) Bank term debt, prepaid rebates, interest rate swaps and foreign exchange forward contracts.

The Fund has traditionally used bank debt and prepaid rebates to acquire new collision repair facilities or invest in the development of collision repair facilities in the U.S. The debt and rebates are subject to normal trade terms and the historical cost carrying values of the debt and rebates reasonably approximate the fair value. Of these amounts, the term bank debt is domiciled in Canada but is denominated entirely in U.S. dollars. The prepaid rebates are also domiciled in Canada and may be denominated in either Canadian or U.S. dollars. The Fund has designated its bank debt as well as the prepaid rebates as an effective partial long-term hedge of Boyd's investment in self-sustaining U.S. operations.

The Fund has arranged to fix the interest rate on its senior bank term debt using interest rate swap contracts. On March 1, 2004, the Fund entered into an interest rate swap contract, for a one year term that provided for a fixed rate of interest of 1.58% plus spread of 2.50- 2.75% in exchange for variable interest based on 90-day LIBOR advances. During the fourth quarter of 2004, the Fund unwound $1.5 million (U.S.) of the swap contract for an insignificant cost to realign the swap contract with the remaining $10.5 million (U.S.) in bank term debt. On December 10, 2004, the Fund entered into an amortizing forward interest rate swap contract for the period starting March 1, 2005 and ending January 15, 2009. The contract, for an initial amount of $10.5 million (U.S.), amortizes at the same rate as the Fund's U.S. bank term debt facility is repaid. The contract provides for a fixed rate of interest of 4.0% plus spread of 2.0 – 3.25% in exchange for variable interest on 90-day LIBOR advances. In February 2006, as a result of the prepayment of $1.8 million U.S of senior bank term debt due on January 15, 2009, both the term and amount of the matching swap contracts were reduced, for a small gain, to again match the underlying debt.

The Fund has some partial natural hedges in place against fluctuations in the U.S. dollar, the most significant of which is the significant amount of U.S. dollar debt resident in the United States. However, approximately $1.0 million U.S. in cash flow has been historically repatriated to Canada on an annual basis. On December 23, 2004, in order to partially protect this cash flow from the negative influences of the weakening U.S. dollar, the Fund entered into a series of U.S. dollar forward exchange contracts. The contracts sell U.S. dollars in increments of $250,000 U.S. each quarter beginning March 21, 2005 and ending December 22, 2008, at rates that vary from $1.2223 to $1.2278 Canadian for each $1.00 U.S. and provide for an average fixed rate sale of U.S. dollars at the rate of $1.2241 for each U.S. dollar over the term of the contracts. The Fund is monitoring the U.S. dollar exchange market and anticipates it may, from time to time, hedge additional future cash flows when considered appropriate.

2) Convertible debentures and exchange notes

The Fund has used, and will continue to use, convertible debentures as an alternative means of raising capital where more traditional sources of bank or similar debt are not readily available and the immediate cost or availability of equity financing is unfavourable. In December 2002, the Company reached an agreement with the holders of the 1998 Series I debentures to extend the term of the debentures for five years and to allow the outstanding principal amount of the debentures to be settled at maturity, at the Company's option, by issue of units or payment of cash. The Fund also issued new series of convertible debentures in December 2002 and September and November 2003, with similar five year terms and settlement provisions. In addition, in February 2004 and January 2005, the Fund, through its U.S. subsidiary, issued five year exchangeable notes to the sellers of The Gerber Group Inc. and the Globe Amerada Glass Network, respectively. The exchange notes have features essentially similar to the convertible debentures, except that exchange at the option of the

holders is restricted to certain quantities and time periods. Interest payments on the debentures or notes are charged to the income statement.

3) Warrants

The Fund issued 226,000 purchase warrants in connection with the convertible debenture offering completed in September and November 2003. The unexercised warrants expired during 2005. The weighted average fair value of the purchase warrants was estimated at the date of issue using a binomial option pricing model, with the following weighted average assumptions used for the warrants granted: dividend yield of 13.25%, expected volatility of 19.4%, risk free interest rate of 4.35%, and expected life of the warrants of 2 years. The weighted average fair value of the warrants at issuance was estimated at $92,300 or $0.41 per warrant based upon the above assumptions. The fair value of the warrants was separated as a component of equity, separate from the debt and equity components of the related convertible debentures. On the expiry of the warrants in 2005, the remaining value of $66,900 was reclassified to contributed surplus.

During 2004, the Fund, in connection with the $14 million offering of subscription receipts and the Gerber acquisition, issued 874,997 purchase warrants on February 2, 2004, providing holders with the right to acquire trust units at a fixed price of $10.00 per unit and exercisable for a period of 3 years from the date of issue. The warrants can be exercised without conversion of the underlying debenture. The weighted-average fair value of the warrants at issuance was estimated at $422,700 or $0.48 per warrant. The fair value of each warrant was estimated using a binomial option pricing model with the following weighted average assumptions used for the warrants granted: dividend yield 13.25%, expected volatility 18.7%, risk free interest rate 4.35%, and expected life of the warrants of 3 years.

4) Unit options

Pursuant to the Fund's Option Agreement and Confirmation, on December 13, 2004, the Fund granted options to certain key employees allowing them to exercise the right to purchase up to 300,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on August 25, 2014. The granting of the options was approved at the unitholders' Annual Meeting in 2005. The options permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of December, 2004, being $7.48 per unit. The weighted-average fair value of the options at issuance was estimated at $106,732 or $0.35577 per option. The fair value of each option was estimated using a binomial option pricing model with the following weighted average assumptions used for the options granted: dividend yield 13.25%, expected volatility 31.1%, risk free interest rate 4.83%, term 9 years and 255 days.

The following options are outstanding at December 31, 2005:

Date Granted	Number of Units	Exercise Price	Expiry Date
December 13, 2004	300,000	$7.48	December 13, 2014

Although the options were granted on December 13, 2004 by the Board of Trustees, they were subject to unitholder approval which took place at the Annual General Meeting in the second quarter of 2005.

During the period the Fund has recognized $11,452 as compensation expense related to these options, with the related credit being charged to contributed surplus.

On January 11, 2006, subject to ratification by the Board of Trustees and approval by the unitholders at the next annual meeting, the Fund granted options to certain key employees allowing them to exercise the right to purchase up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on September 23, 2015. The options would permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being $1.91 per unit.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operation in accordance with Canadian generally accepted accounting principles requires that the Fund make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates. The following is a summary of critical accounting estimates and assumptions that the Fund believes could materially impact its financial position, financial condition or results of operations:

1) Goodwill and Intangible Assets Valuation and Asset Impairment

The Fund has acquired a significant number of collision repair businesses and has recorded goodwill and other intangible assets on the acquisition of these businesses with a current book and fair value of approximately $55.0 million. The Fund, in accordance with CICA Handbook Section 3062 Goodwill and Other Intangible Assets, effective January 1, 2002, has established a process for testing the valuation of goodwill and intangible assets on an annual basis for purposes of determining impairment. In order to establish that the carrying value of net assets, including goodwill, for a particular business reporting unit, exceeds the fair value, the Fund is required to make significant estimates and assumptions that relate to matters that are highly uncertain at the time the estimates are made.

When evaluating goodwill, the Fund uses the recorded historical cash flows of the reporting unit for the most recent two years, and an estimate or forecast of cash flows for the next year. The Fund also utilizes historical, normalized cash flow multiples from the actual acquisition transactions completed, adjusted for assumptions regarding the impact of current economic conditions, industry and market performance. Values of reporting units are arrived at by applying assumed cash flow multiples to average cash flows over the combined actual and forecast period. Qualitative factors, including market presence, strength of DRP relationships, strength of regional and local management, degree of variability in cash flows and other factors are considered in making assumptions regarding adjusted cash flow multiple factors. The Fund has not changed its approach or method of evaluating goodwill since it adopted this methodology. Goodwill write downs, when determined, reduce the carrying value of goodwill on the balance sheet and are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period. Goodwill write downs would typically be non-cash charges since the valuation is being performed on assets acquired and related cash outflows from prior investments. In 2005, the Fund, after completing the ongoing evaluation of goodwill, recorded total write downs of $2.0 million related primarily to operations in Georgia and Washington (2004 - $1.9 million relating to operations in Georgia).

In accordance with CICA Handbook Section 3062 – Goodwill and Other Intangible Assets and as part of the acquisitions of Gerber in 2004 and GNGS in 2005, several identifiable intangible assets have been recorded as follows:

	2005		2004	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Customer relationships	**$ 15,040,110**	**$ (1,309,209)**	$ 13,239,600	$ (606,815)
Brand name	**3,614,290**	**-**	3,610,800	-
Non-compete agreements	**1,949,279**	**(1,180,820)**	1,905,642	(576,830)
Software customization costs	**333,252**	**(66,651)**	421,260	(87,296)
Franchise rights	**180,000**	**(143,545)**	190,000	(133,460)
Zoned property rights	**59,108**	**(13,201)**	65,703	(7,020)
	$ 21,176,039	**$ (2,713,426)**	$ 19,433,005	$ (1,411,421)
Net Book Value	**$ 18,462,613**		$ 18,021,584	

The methods used to value intangible assets require critical estimates to be made regarding the future cash flows and useful lifetimes of the assets.

During 2005, $1,748,850 of customer relationships and $582,950 of brand name intangible assets were recognized as part of the acquisition of the Globe Amerada Glass Network division of Globe-Amerada Glass Company. The brand name is considered an indefinite life intangible asset and will be tested for impairment on at least an annual basis. The customer relationships are definite life intangible assets that will be amortized on a straight-line basis over periods of twenty years.

During 2004, identifiable intangible assets were separately recognized as part of the acquisition of Gerber. The Gerber brand name is considered an indefinite life intangible asset and will be tested for impairment on at least an annual basis. The customer relationships, non-compete agreements and software customization costs are definite life intangible assets that will be amortized on a straight-line basis over periods of twenty, three and five years, respectively.

During the year amortization expense of $1,487,912 (2004 - $1,303,263) was recognized on definite life intangible assets. No write-downs of intangible assets were identified in 2005 or 2004.

2) Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value and carrying values of certain financial liabilities and equity instruments recorded on the balance sheet, as well as disclosed in the notes to the financial statements.

The Fund has also obtained mark-to-market valuations of its interest rate swap contracts and forward foreign exchange contracts, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding future interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure have a high degree of uncertainty. These instruments have been formally designated as hedges of the underlying variable interest rates and cash flows inherent in the Fund's income trust structure. Unrealized gains or losses on these derivative financial instruments may never be realized as markets change.

3) Performance to Trading Partner Agreements

The Fund was required, when applying to its trading partners to obtain prepaid rebate funding for an acquisition or start-up, to make critical estimates regarding the future performance of the acquired business or start-up operation. The funding received was based directly on estimated future financial performance. In subsequent financial periods, more than a year after the date of acquisition or start-up, the Fund was historically required to measure its actual performance against the performance criteria and estimates. Failure to meet certain performance criteria with respect to a particular acquisition eliminated or reduced the amount of funding available for future acquisitions, or in certain circumstances, required that all or a material amount of funding be repaid.

In the case of AWC, certain performance criteria were tested effective January 1, 2005, and an adjustment amount of $2.6 million U.S. was determined. This amount, once determined, was applied to reduce future funding for acquisitions between January 1, 2005 and March 31, 2006, after which time, in accordance with the current terms of the agreements, any adjustment amount would become repayable. As mentioned above, funding requests in the amount of $0.3 million were deferred during 2005 to reduce this balance. In the case of the Gerber acquisition, the performance criteria were tested effective July 1, 2005 and an adjustment amount of $1.1 million U.S. was determined. This amount would also be applied to reduce future funding for future acquisitions and start-ups. No future funding amounts were applied during 2005 to reduce this balance. Subsequent to the end of the year, and effective January 1, 2006, additional performance criteria tests were performed for all the remaining untested prepaid rebates. Additional adjustment amounts were determined totaling $769,000. Upon the early termination of the agreements by the Fund, on February 14, 2006, the performance adjustment amounts outstanding that were not applied to reduce future acquisition funding became repayable within 30 days of the date of termination. All amounts outstanding were settled on February 14, 2006 using proceeds from the new supplier arrangements.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2005, the Fund has adopted the amendments to CICA Handbook Section 3860 Financial Instruments. This change in accounting policy was applied retroactively and, accordingly, the consolidated financial statements of prior periods were restated. The amendments to this section address the balance sheet presentation of financial instruments as liabilities or equity. Accordingly, the Fund now classifies all of its convertible debt as liabilities. The cumulative effect of the change in policy on the balance sheet at December 31, 2004 was to increase convertible debt by $10,856,377 with a corresponding decrease to equity of $10,508,602 and an increase to deferred issue costs in the amount of $347,775. For 2004, the change in policy reduced net earnings by $250,962. The statement of deficit was restated to reflect the reclassification to the income statement of interest on the equity component of convertible debt of $250,962. The income statement changed by an increase to interest expense of $478,227, an increase to non-controlling interest of $71,343 and a reduction to future income tax expense of $155,922.

The Fund did not adopt any changes to existing accounting policies during 2004.

CERTIFICATION OF DISCLOSURE CONTROLS

Management's responsibility for financial information contained in this Annual Report is described on page 43. In addition, the Fund's Audit Committee of the Board of Trustees has reviewed this Annual Report, and the Board of Trustees has reviewed and approved this Annual Report prior to its release. The Fund is committed to providing timely, accurate and balanced disclosure of all material information about the Fund and to providing fair and equal access to such information. As of December 31, 2005, the Fund's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities. In addition, the Fund's management has assessed whether, during the 2005 fiscal year, there have been any significant changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting. Disclosure controls are procedures designed to ensure that information required to be disclosed in reports filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Fund's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure. Internal control over financial reporting is a process designed by, or under the supervision of, senior management, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Fund's consolidated financial statements in accordance with Canadian generally accepted accounting principles.

The Fund's management, including the CEO and the CFO, does not expect that the Fund's disclosure controls or internal control over financial reporting will prevent or detect all misstatements due to error or fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Fund have been detected. The Fund is continually evolving and enhancing its systems of controls and procedures. Based on the evaluation of disclosure controls and assessment of changes in internal control over financial reporting, the CEO and the CFO have concluded that, subject to the inherent limitations noted above:
1) the Fund's disclosure controls are effective in ensuring that material information relating to the Fund is made known to management on a timely basis, and is fairly presented in all material respects in this Annual Report; and
2) during the 2005 fiscal year, to the best of their knowledge and belief, there have been no changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting.

BUSINESS RISKS AND UNCERTAINTIES

The Fund and the Company are subject to certain risks inherent in the operation of the business, including the ability of the Company to generate available cash, the dependence of the Fund on the Company to receive interest income on the notes and dividend income on the Class I shares, income tax matters affecting the tax treatment of unitholders and the Fund, the nature of income trust units, unitholder limited liability, the potential of further dilution of unitholders' interests in the Fund, retaining key members of the executive team, customer concentration in certain public insurance markets, competition from other businesses, competition from other acquirors of collision repair businesses, ongoing access to sources of capital, increases in operating costs caused by general and location specific economic conditions, labour relations, environmental and regulatory risks and changes in interest rates, tax rates, foreign currency exchange rates and other operating expenses. The Fund manages risk and risk exposures through a combination of insurance, its system of internal controls and sound operating practices.

Cash Distributions Not Guaranteed

The Fund has received cash in the form of interest payments on the Notes and distributions from the Company, as well as distributions from BGHI. The Fund distributes the cash it receives, net of expense and amounts reserved, to unitholders. The actual amount of cash received and ultimately distributed by the Fund depends upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins, and required capital expenditures of the Company. There can be no assurance regarding the amount of distributable cash generated by the Company, and therefore no assurance as to the amount of cash distributed by the Fund.

Dependence upon The Boyd Group Inc.

The Fund is an unincorporated open-ended, limited purpose mutual fund trust which will be entirely dependent upon the operations and assets of the Company through the Fund's ownership of the Notes and Class I shares of Company and the Boyd Group Holdings Inc. Class B common shares, if any. Accordingly, the Fund's ability to make cash distributions to

the unitholders will be dependent upon the ability of the Company to pay its interest obligations under the Notes and to declare dividends or other distributions.

Available Cash and Cash Reserves

Boyd's ability to pay interest on the notes issued to the Fund or to make dividend distributions on its Class I and II shares will be subject to the Company's ability to generate available cash. Available cash will be determined after any provision for cash reserves. The additional amount allocated to cash reserves, excluding cash reserves resulting from reduced distributions to Boyd Group Holdings Inc., in any period is anticipated to be less than 10% of available cash, calculated before the allocation to cash reserves. There is no guarantee however that cash reserves will constitute less than 10% of available cash in any given period, and accordingly, the Company's ability to pay interest on the notes issued or to make dividend distributions on its Class I and Class II shares may be restricted.

Dependence on Key Personnel

The success of the Company is dependent on the services of a number of members of management. The experience and talent of these individuals will be a significant factor in Boyd's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the Company's business operations and prospects. The Company has entered into management agreements with key members of management in order to mitigate this risk.

Employee Relations

Boyd currently employs approximately 1,210 people, of which approximately 477 are in Canada and 733 are in the U.S. The current work force is not unionized, except for approximately 10 glass technicians located in Chicago who are subject to a collective bargaining agreement. One of the Company's core values is respect for people. Boyd is committed to the development of individual staff by providing performance feedback, training and development, high quality supervision, consistency in management practices, responsibility commensurate with capability, accountability, appreciation and positive support for the Company's goals. The Company provides equal opportunity, open communications and fair process and provides an environment of concern, care, respect and fair treatment for the individual, including safety, health and freedom from harassment and discrimination. Although the Company believes that it is on good terms with its employees, there are no assurances that a disruption in service would not occur as a result of employee unrest or employee turnover. There is no guarantee that a significant work disruption or the inability to maintain or replace existing staff levels would not have a material effect the Fund's business.

Acquisition Strategy Risk

The Company's objectives include plans to continue to increase revenues and earnings through the acquisition of additional collision repair facilities. There can be no assurance that the Company will be able to identify and acquire additional collision repair facilities. There can be no assurances that the acquired companies will continue to achieve sales and profitability levels achieved historically to justify the Company's investment. Further, there can be no assurances that the Company will be able to continue to acquire facilities with the current pricing model should competition for the target facilities intensify.

Start-Up Strategy Risk

The Company's objectives include plans to continue to increase revenues and earnings through the start-up of additional "Greenfield" and "Brownfield" collision repair facilities. The Company attempts to identify locations and demographic factors that will more than support management's estimates of future performance and that at a minimum will provide for accretive results. There can be no assurance that the Company will be able to identify additional opportunities that would support the continued start-up of new repair facilities. Further, there can be no assurances that the start-ups will achieve sales and profitability levels anticipated by management to justify the Company's investment.

Acquisition and Start-Up Growth & Ongoing Access to Capital

The Company intends to grow, in part, through future acquisitions or start-up of collision repair businesses. There can be no assurance that Boyd will have sufficient capital resources available to implement its growth strategy. The Company has committed to payout substantially all of its sustainable operating cash flow, after meeting maintenance capital expenditures,

debt service requirements, income tax obligations and reasonable reserves. Inability to raise new capital, in the form of debt or equity, could limit Boyd's future growth by acquisition.

The Company will endeavour, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. Potential sources of capital that the Company has been successful at accessing in the past include public and private equity placements, using equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, vendor financing and both senior and subordinate debt facilities. There can be no assurance that the Company will be successful in accessing these or other sources of capital in the future.

Potential Undisclosed Liabilities Associated with Acquisitions

To the extent that the prior owners of businesses acquired by Boyd failed to comply with or otherwise violated applicable laws, the Company, as the successor owner, may be financially responsible for these violations and any associated undisclosed liability. The discovery of any material liabilities, including but not limited to legal and environmental liabilities, could have a material adverse effect on the Company's business, financial condition and future prospects. The Company seeks, through systematic investigation and due diligence, and through indemnification of former owners, to minimize the risk of material undisclosed liabilities associated with acquisitions.

Inability to Successfully Integrate Acquisitions

A key element of the Company's strategy is to successfully integrate acquired businesses in order to expand and enhance profitability. There can be no assurance that the Company will be able to profitably integrate and manage additional repair facilities. Successful integration can depend upon a number of factors, including the ability to retain and motivate certain key management and staff, leverage customer and supplier relationships and implement standardized procedures and best practices. In the event that any significant acquisition cannot be successfully integrated into Boyd's operations or performs below expectations, the business could be materially and adversely affected.

Expansion into the United States

Boyd views the United States as having significant potential for market expansion of its business. There can be no assurance that any market for the Company's products will develop in these markets. Local laws and the presence of competition in certain jurisdictions may limit the Company's capability to successfully expand operations into these markets.

Loss of Key Customers

A high percentage of the Company's revenues are derived from insurance companies in private insurance markets, who over the past decade have implemented Direct Repair Programs ("DRP") with collision repair operators who have been recognized as consistent high quality repairers in the industry. The Company's ability to continue to grow the business in these markets, as well as maintain existing business volume, is largely reliant on the ability to maintain the DRP relationships throughout existing and acquired facilities. The Company continues to develop and monitor these relationships through formal agreements and ongoing measurement of the success factors considered critical by the insurance customer. The loss of any existing material DRP relationships could have a materially adverse effect on Boyd's operations and business prospects. Of the top five non-government owned insurance companies that the Company does business with, which in aggregate account for approximately 37% of total sales, one insurance company represents approximately 17% of the Fund's total sales.

Government Operated Insurance

The collision repair industry in Manitoba, Saskatchewan, and British Columbia is subject to significant government regulation and participation via the presence of government owned public insurance companies in these markets. In 2005, Boyd derived approximately 20% of its revenue from these markets, which was comparable to the 20% reported in the prior year. As a result of this government participation, the ability of Boyd, or any other collision repair provider, to control the level of payment for services is limited. Any change in the level of government control and participation in the industry could potentially have an adverse affect on the Company, however, if any change were to occur, Boyd believes that it will be in a position which is as good as, or better than most industry participants to deal with, or take advantage of, any such

change. As the Company continues to expand in other markets, such as the U.S. market, its percentage of sales from these markets has and will continue to diminish.

Competition

The collision repair industry in North America, estimated at approximately $25 to $30 billion U.S., while in the very early stages of consolidation, is very competitive. Competition in this industry exists mainly on a regional basis with the main competitive factors being price, service, quality and adherence to various insurance company performance indicators. There can be no assurance that Boyd's competitors will not achieve greater market acceptance due to pricing or other factors.

Although competition exists mainly on a regional basis, Boyd competes with a small number of other multi-location collision repair operators, in multiple markets in which it operates. Insurers are recognizing the benefits associated with utilizing the larger collision repair consolidators in multiple markets and as such, more and more DRP relationships are becoming national in scope. No single operator within this group is dominant over the others, either in terms of size or geographic coverage, and the Company estimates that, as a group, consolidators have less than 5% market share. All of the other known multi-unit operators, other than Boyd, are currently headquartered and have the majority of their operations in the U.S. The Company anticipates facing increasing competition as it focuses more of the acquisition effort and expansion in the U.S. market.

Given these industry characteristics, existing or new competitors may become significantly larger and have greater financial and marketing resources than Boyd. These competitors may compete with Boyd in rendering services in the markets in which Boyd currently operates and also in seeking existing facilities to acquire or new locations to open in markets in which Boyd desires to expand. There can be no assurance that the Company will be able to maintain or achieve its desired market share.

Key Supplier Relationships

The Company has entered into key supplier relationships that have provided the Company with, among other things, prepaid rebates which are being amortized to earnings over time. There can be no assurance that prepaid rebate funding will continue to be available if Boyd cannot meet the conditions for the funding.

Credit & Refinancing Risks

The Company and its subsidiaries have, and will continue to have, significant debt service obligations. In addition, the Company's ability to make scheduled payments of interest or principal on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors many of which are beyond its control.

The company's main credit facilities contain restrictive covenants that limit the discretion of the Company's management and the ability of the Company to incur additional indebtedness, to make acquisitions of collision repair businesses, create liens or other encumbrances, to pay dividends, redeem any equity or debt or make certain other payments, investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facilities contain a number of financial covenants that require the Company and other restricted parties to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. In addition, there are cross default provisions in both facilities that would, if an event of default were to occur in either agreement, cause acceleration of the indebtedness of both facilities. If the indebtedness under the two credit facilities were to be accelerated, there can be no assurance that the assets of the Company and its subsidiaries would be sufficient to repay the indebtedness in full. There can also be no assurance that the Company will be able to refinance the credit facilities as and when they mature.

Environmental Risk

The nature of the collision repair business means that hazardous substances must be used, which could cause damage to the environment if not handled properly. The Company's environmental protection policy requires environmental site assessments to be performed on all business locations prior to acquisition so that any existing or potential environmental

situations can be remedied or otherwise appropriately addressed. It is also Boyd's practice to secure environmental indemnification from landlords and former owners of acquired collision repair businesses, where such indemnification is available. Boyd also engages a private environmental consulting firm to perform regular compliance reviews to ensure that the Company's environmental and health and safety policies are followed.

To date, the Company has not encountered any environmental protection requirements or issues which would have material financial or operational effects on its current business and it is not aware of any material environmental issues that could have a material impact on future results or prospects. No assurance can be given, however, that the prior activities of Boyd, or its predecessors, or the activities of a prior owner or lessee, have not created a material environmental problem or that future uses will not result in the imposition of material environmental liability upon Boyd.

Increased Government Regulation and Tax Risk

The Fund, the Company and its subsidiaries are subject to various federal, provincial, state and local laws, regulations and taxation authorities. Various federal, provincial, state and local agencies as well as other governmental departments administer such laws, regulations and their related rules and policies. New laws governing the Fund or its business could be enacted or changes or amendments to existing laws and regulations could be enacted which could have a significant impact on Boyd. The Fund utilizes the services of professional advisors in the areas of taxation, environmental, health and safety, labor and general business law to mitigate the risk of non-compliance. Failure by the Fund to comply with the applicable laws, regulations or tax changes may subject it to civil or regulatory proceedings and no assurance can be given that this may not have a material impact on the Fund or its financial results.

Quality of Corporate Governance

Amendments to the Securities Act (Ontario) introduced statutory civil liability for misrepresentations in continuous disclosure documents and for failure to make timely disclosure was brought into force on December 31, 2005. The amendments will, for the first time, create a statutory civil liability for continuous disclosure to the secondary market. The amendments create a right of action for investors who are harmed by a misrepresentation in an issuer's disclosure document or in a public oral statement relating to an issuer, or the failure of an issuer to make timely disclosure of a material change. Potentially liable parties include: the issuer; each officer of the issuer who authorizes, permits or acquiesces in the release of the document containing a misrepresentation, the making of the public statement containing a misrepresentation or in the failure to make a timely disclosure.

Under the Ontario Securities Act, section 138.4(6), a due diligence defense is available. The due diligence defense requires the following items to be addressed:

- the issuer must have a system designed to ensure the issuer is meeting its disclosure obligations;
- the defendant must have conducted a reasonable investigation to support reliance on the system; and
- defendants must have no reasonable grounds to believe that the document or a public oral statement contained a misrepresentation or that the failure to make the required disclosure would occur.

The Fund is keenly aware of the significance of the amendments and the interrelationships between civil liability, disclosure controls and good governance. The Fund has been studying and modifying its practices in these areas in order to advance its processes and reduce the risk of a governance or control breakdown. Thorough documentation of the Fund's governance practices is included in this year's information circular which can be found at www.sedar.com. Although the Fund believes it has followed good corporate governance practices, there can be no assurance that these practices would mitigate the impact of a material lawsuit in this area.

Fluctuations in Operating Results and Seasonality

The Company's operating results have been and are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in purchasing patterns, pricing policies, general and regional economic downturns and weather conditions. These factors can affect Boyd's ability to fund ongoing operations and finance future activities.

Weather Conditions

The effect of weather conditions on collision repair volume represents an element of risk to the Company's ability to achieve same store sales growth. Historically, extremely mild winters and dry weather conditions have had a negative impact on collision repair sales volumes. Even with market share gains, this type of temporary decline in market size can result in same store sales declines.

The Company strives to mitigate the effect of weather by increasing market share annually (as evidenced by either same store or same market sales increases) through aggressive advertising and high levels of customer service. The Company's geographic diversification resulting from its growth and expansion lessens the effect of this risk.

Reliance on Technology

As is the case with most businesses in today's environment, there is a significant risk associated with Boyd's reliance on computerized operational and reporting systems. Boyd makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately. Boyd is reviewing its options and is developing longer-term disaster recovery programs to protect against significant system failures. Although a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer crash or like event would not have a material impact on its financial results.

Interest Rates

The Fund has arranged to fix the interest rate on its senior bank term debt using interest rate swap contracts. On March 1, 2004, the Fund entered into an interest rate swap contract, for a one year term that provided for a fixed rate of interest of 1.58% plus spread of 2.50- 2.75% in exchange for variable interest based on 90-day LIBOR advances. During the fourth quarter of 2004, the Fund unwound $1.5 million (U.S.) of the swap contract for an insignificant cost to realign the swap contract with the remaining $10.5 million (U.S.) in bank term debt. On December 10, 2004, the Fund entered into an amortizing forward interest rate swap contract for the period starting March 1, 2005 and ending January 15, 2009. The contract, for an initial amount of $10.5 million (U.S.), amortizes at the same rate as the Fund's U.S. bank term debt facility is repaid. The contract provides for a fixed rate of interest of 4.0% plus spread of 2.0 – 3.25% in exchange for variable interest on 90-day LIBOR advances. In February 2006, as a result of the prepayment of $1.8 million U.S of senior bank term debt due on January 15, 2009, both the term and amount of the matching swap contracts were reduced, for a small gain, to again match the underlying debt. There can be no guarantee that interest rate swaps that effectively turn variable rate debt into fixed rates will be an effective hedge against long term interest rate fluctuations.

Foreign Currency Risk

In the past, the Company has financed acquisitions of U.S. businesses in part by making U.S. denominated loans available under its credit facilities that could then be serviced and repaid from anticipated future U.S. earnings streams. Although this natural hedging strategy is partially effective in mitigating future foreign currency risks, a substantial portion of Boyd's revenue and cash flow are now, and are expected to continue to be, generated in U.S. dollars. Fluctuations in exchange rates between the Canadian dollar and the U.S. currency may have a material adverse effect on the Company's ability to make future Canadian dollar cash distributions.

On December 23, 2004, in order to partially protect this cash flow from the negative influences of a weakening U.S. dollar, the Fund entered into a series of U.S. dollar forward exchange contracts. The contracts sell U.S. dollars in increments of $250,000 (U.S.) each quarter beginning March 21, 2005 and ending December 22, 2008. The Fund is monitoring the U.S. dollar exchange market and anticipates it may, from time to time, hedge additional future cash flows when considered appropriate.

There can be no guarantee that fluctuations in the U.S dollar relative to the Canadian dollar can be hedged effectively for long periods of time and there can be no assurances given that currency hedges or partial hedges in place today will remain effective in the future.

OUTLOOK

The Fund's operating results for 2005 continued to be impacted by declining claims volumes within the U.S. auto insurance industry. Boyd continues to work to reduce operating costs, increase operating margins and develop other organic growth strategies to counteract the financial impact of a weakened industry. The Fund will continue to work on improving same store sales growth, gross margins and EBITDA margins of all operations, will continue to develop its systems and its infrastructure and will continue to work to enhance securityholder value.

On March 16, 2006, the Fund announced that it has completed an evaluation of the potential financial impact of market pricing changes precipitated by recent DRP alterations initiated by one of its largest insurance company customers. Through its evaluation, Boyd has assessed that these pricing changes may materially impact its operating margins in the near term. The insurance company customer's DRP changes, which are being tested in a number of U.S. states, including Illinois where Boyd has a considerable presence, are aimed at making the insurer's DRP more performance driven and more competitively priced. While these changes have the potential to be a positive development for the Company over the long term, given the heightened focus on performance evaluation, and the opportunity for Boyd to secure more referrals through strong performance metrics, the financial impact of implementing the required pricing changes under the program is expected to be negative in the near term.

Based on current financial performance, and the future potential financial impact of recently announced DRP changes, management of the Company does not anticipate reinstating distributions within the next 12 to 18 months. Instead, the Company will use its cash flow from operations to strengthen its balance sheet. At the end of this time period, or sooner if the Company experiences meaningful improvement in its financial performance, management of the Company and the Trustees of the Fund would expect to resume distributions at conservative and sustainable levels.

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for their integrity, objectivity and reliability, and for the maintenance of financial and operating systems, which include effective controls, to provide reasonable assurance that the Fund's assets are safeguarded and that reliable financial information is produced.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting, disclosure control and internal control. The Board exercises these responsibilities through its Audit Committee, all members of which are not involved in the daily activities of the Fund. The Audit Committee meets with management and, as necessary, with the independent auditors, Deloitte & Touche LLP, to satisfy itself that management's responsibilities are properly discharged and to review and report to the Board on the consolidated financial statements.

In accordance with Canadian generally accepted auditing standards, the independent auditors conduct an examination each year in order to express a professional opinion on the consolidated financial statements.

Terry Smith *Chief Executive Officer*	Dan Dott, C.A. *Vice President & Chief Financial Officer*

AUDITORS' REPORT

To the Unitholders
Boyd Group Income Fund

We have audited the consolidated balance sheets of Boyd Group Income Fund as at December 31, 2005 and 2004 and the consolidated statements of deficit, earnings and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Winnipeg, Manitoba
March 22, 2006

CONSOLIDATED FINANCIAL STATEMENTS

FORM 52-109F1 - CERTIFICATION OF ANNUAL FILINGS

I, **Terry Smith, Chief Executive Officer of the Boyd Group Income Fund**, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of the **Boyd Group Income Fund**, (the issuer) for the period ending **December 31, 2005**;
2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings;
3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings; and
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which annual filings are being prepared; and

   (b) evaluated the effectiveness of the issuer's disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation.

Date: March 22, 2006

Terry Smith
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

FORM 52-109F1 - CERTIFICATION OF ANNUAL FILINGS

I, **Dan Dott, Vice President and Chief Financial Officer of the Boyd Group Income Fund**, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of the **Boyd Group Income Fund**, (the issuer) for the period ending **December 31, 2005**;
2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings;
3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings; and
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which annual filings are being prepared; and

   (b) evaluated the effectiveness of the issuer's disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation.

Date: March 22, 2006

Dan Dott, C.A.
Vice President & Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

December 31

	2005	*(Note 3)* 2004
Assets *(Note 12)*		
Current assets:		
Cash *(Note 6)*	$ -	$ 578,548
Accounts receivable	**19,450,519**	13,051,910
Current portion of note receivable *(Note 7)*	-	228,259
Income taxes recoverable	-	50,315
Inventory	**3,995,960**	3,725,051
Prepaid expenses	**1,331,884**	1,838,264
	24,778,363	19,472,347
Note receivable *(Note 7)*	**383,098**	410,124
Property, plant and equipment *(Note 8)*	**18,086,803**	19,000,797
Future income tax asset *(Note 23)*	**3,749,522**	3,203,337
Deferred costs *(Note 9)*	**1,727,462**	1,878,822
Goodwill *(Note 10)*	**36,774,687**	38,627,169
Intangible assets *(Note 11)*	**18,462,613**	18,021,584
	$ 103,962,548	$ 100,614,180
Liabilities and Equity		
Current liabilities:		
Bank indebtedness *(Note 6)*	**$ 1,310,672**	$ -
Accounts payable and accrued liabilities	**23,761,807**	17,197,382
Income taxes payable	**64,358**	-
Distributions payable *(Note 19)*	-	738,954
Dividends payable *(Notes 18 and 19)*	-	137,180
Current portion of long-term debt *(Note 12)*	**1,652,451**	960,308
Current portion of obligations under capital leases *(Note 13)*	**641,851**	881,063
	27,431,139	19,914,887
Long-term debt *(Note 12)*	**22,179,553**	21,674,901
Obligations under capital leases *(Note 13)*	**1,254,664**	757,001
Convertible debt *(Note 14)*	**12,699,584**	13,735,633
Other long-term liabilities	-	191,469
Unearned rebates *(Note 15)*	**10,137,286**	12,522,382
Non-controlling interest *(Note 18)*	**446,915**	1,113,680
	74,149,141	69,909,953
Contingencies and Guarantees *(Notes 26 and 27)*		
Equity		
Unitholders' capital *(Note 16)*	**53,130,354**	46,437,688
Shareholders' capital *(Note 16)*	**66,003**	-
Contributed surplus *(Notes 14, 17 and 20)*	**78,352**	-
Warrants *(Note 17)*	**421,500**	488,400
Deficit	**(15,599,879)**	(9,232,183)
Cumulative translation adjustment	**(8,282,923)**	(6,989,678)
	29,813,407	30,704,227
	$ 103,962,548	$ 100,614,180

Approved by the Board:

Trustee *Trustee*

CONSOLIDATED STATEMENTS OF DEFICIT

Years Ended December 31

	2005	(Note 3) 2004
Deficit, beginning of year	$ (9,232,183)	$ (2,739,245)
Net earnings for year	1,050,666	1,678,688
Dividends on BGHI Class A common shares *(Note 19)*	(611,977)	-
Distributions to unitholders *(Note 19)*	(6,806,385)	(7,956,508)
Premium paid on units purchased and cancelled *(Note 16)*	-	(215,118)
Deficit, end of year	$ (15,599,879)	$ (9,232,183)

CONSOLIDATED STATEMENTS OF EARNINGS

Years Ended December 31	2005	2004 *(Note 3)*
Sales	$ 187,739,772	$ 166,913,191
Cost of sales	101,648,347	87,558,822
Gross margin	86,091,425	79,354,369
Operating expenses	74,178,955	67,534,320
Foreign exchange gains *(Notes 6 and 12)*	(281,154)	(899,655)
Depreciation and amortization	4,145,822	4,103,027
Amortization of deferred costs and other intangible assets	2,164,524	1,721,617
Interest expense	2,993,699	2,458,012
Interest income	(86,537)	(95,354)
Swap breakage costs *(Note 21)*	-	531,360
Write off of goodwill and property, plant and equipment *(Notes 8 and 10)*	2,037,207	2,119,920
	85,152,516	77,473,247
Earnings before income taxes and non-controlling interest	938,909	1,881,122
Income tax (recovery) expense *(Note 23)*		
Current	474,088	610,359
Future	(506,561)	140,947
	(32,473)	751,306
Net earnings before non-controlling interest	971,382	1,129,816
Non-controlling interest *(Note 18)*	234,676	1,672,898
Net earnings from continuing operations	1,206,058	2,802,714
Loss from discontinued operations, (net of income tax recoveries of $nil [2004 - of $ 737,682]) *(Note 5)*	(155,392)	(1,124,026)
Net earnings	$ 1,050,666	$ 1,678,688
Weighted average number of units and Class A shares outstanding	9,614,116	6,984,799
Basic earnings per unit from continuing operations *(Note 30)*	$ 0.125	$ 0.401
Loss per unit from discontinued operations	(0.016)	(0.161)
Basic earnings per unit and Class A shares shares	$ 0.109	$ 0.240
Diluted earnings per unit from continuing operations *(Note 30)*	$ 0.123	$ 0.310
Loss per unit from discontinued operations	(0.016)	(0.151)
Diluted earnings per unit and Class A shares shares	$ 0.107	$ 0.159

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31

	2005	(Note 3) 2004
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net earnings from continuing operations	**$ 1,206,058**	$ 2,802,714
Items not affecting cash		
Non-controlling interest	**(234,676)**	(1,672,898)
Write down of goodwill and property, plant and equipment	**2,037,207**	2,119,920
Future income taxes	**(506,561)**	140,947
Amortization of deferred costs and other intangible assets	**2,164,524**	1,721,617
Depreciation and amortization	**4,145,822**	4,103,027
Amortization of unearned rebates	**(2,702,023)**	(3,571,299)
Unit option compensation expense	**11,452**	-
Gain on disposal of equipment	**(10,139)**	(41,516)
	6,111,664	5,602,512
Changes in non-cash working capital items *(Note 24)*	**95,469**	2,232,157
	6,207,133	7,834,669
Cash flows (used in) from financing activities		
Repurchase of fund units	**-**	(512,179)
Issue of fund units	**4,545,696**	18,922,764
Issue costs	**(22,799)**	(1,193,029)
Increase in obligations under long-term debt	**4,040,226**	11,804,553
Repayment of long-term debt	**(2,018,422)**	(5,551,714)
Repayment of obligations under capital leases	**(761,419)**	(1,185,435)
Dividends received on Class B common shares	**722,894**	437,805
Dividends paid on Class A and B common shares	**(1,645,339)**	(1,469,790)
Distributions paid to unitholders	**(7,545,339)**	(7,590,416)
Increase in unearned income	**316,927**	9,083,488
(Decrease) increase in non-controlling interest	**(71,316)**	63,093
Increase in financing costs	**(187,520)**	(384,663)
Collection of notes receivable	**245,550**	-
Decrease in other long-term liabilities	**(187,124)**	-
	(2,567,985)	22,424,477
Cash flows used in investing activities		
Proceeds on sale of equipment	**130,349**	325,089
Acquisition of equipment	**(1,361,522)**	(1,152,953)
Acquisition and development of businesses	**(1,427,055)**	(1,933,280)
Deferred costs	**(461,419)**	(578,477)
Acquisition of other assets	**(3,135,728)**	(28,551,267)
	(6,255,375)	(31,890,888)
Foreign exchange	**265,051**	(602,196)
Cash received upon combining of Boyd Group Holdings Inc.	**38,751**	-
Net decrease in cash position used in continuing operations	**(2,312,425)**	(2,233,938)
DISCONTINUED OPERATIONS		
Operating activities	**370,815**	(477,824)
Financing activities	**-**	(55,535)
Investing activities	**52,390**	414,239
Net proceeds on disposal	**-**	1,334,540
Net increase in cash position from discontinued operations	**423,205**	1,215,420
Net decrease in cash position	**(1,889,220)**	(1,018,518)
Cash position, beginning of period	**578,548**	1,597,066
(Bank indebtedness) cash position, end of period	**$ (1,310,672)**	$ 578,548
Income taxes paid	**$ 359,524**	$ 719,999
Interest paid	**$ 2,538,706**	$ 1,997,246

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Boyd Group Income Fund (the "Fund") is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba on December 16, 2002. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the "Company"). The Company's business consists of the ownership and operation of autobody/autoglass repair facilities acquired either through the acquisition of existing businesses, or through site development resulting in new locations. In addition, the Company has licensed its trade names, trademarks and systems to independently owned repair facilities under license agreement. At December 31, 2005, the Fund held 81.94% of the voting shares of the Company.

The units of the Fund are listed on the Toronto Stock Exchange and trade under the symbol "BYD.UN".

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements of the Fund and its subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles and contain the consolidated financial position, results of operations and cash flows of the Fund as well as the Company including the following direct subsidiary companies at December 31, 2005:

4698828 Manitoba Inc.	100%
The Boyd Group (U.S.) Inc.	100%
Abbotsford Auto Body, Ltd.	100%
5125391 Manitoba Inc.	100%
The Boyd Group Finance Limited Partnership	100%

The Boyd Group Finance Limited Partnership formed in 2001, continued to have no activity during the year.

Under the terms of the 2003 plan of arrangement that reorganized the Company into the Fund, Boyd Group Holdings Inc. ("BGHI"), a holding company under voting control of the Fund, acquired the remaining shares of the Company not held by the Fund. The Fund, although it has voting control of BGHI, did not have any significant economic interest in the activities of BGHI and as such, BGHI has represented a minority ownership position of the Company until March 1, 2005. The Class A common shares of BGHI are exchangeable into units of the Fund at the option of the holder. The Class A common shares of BGHI initially were not entitled to receive distributions of earnings economically equivalent to distributions received by units of the Fund. As outlined in the terms of the arrangement, the distributions to be distributed to BGHI Class A shareholders increased in March 2004 and in March 2005. As of March 1, 2005, Class A shareholders of BGHI were entitled to receive distributions of earnings economically equivalent to distributions received by units of the Fund and any restrictions limiting the exchange of Class A shares into units expired. As a result, the exchangeable Class A shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund. [Note 16]

All inter-company balances, transactions and profits have been eliminated.

b) Revenue recognition

The Fund recognizes revenue related to the operation of autobody/autoglass facilities when the rendering of services is completed.

Fees generated under franchise license agreements are recognized when earned under the contract terms.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

d) Property, plant and equipment

Property, plant and equipment assets are recorded at cost. Depreciation is calculated using the rates disclosed in the property, plant and equipment note. [Note 8] Leasehold improvements are amortized on the straight-line basis over the initial term of the lease plus one renewal period.

e) Deferred costs

Pre-operating period costs of new locations are deferred and amortized on a straight-line basis over a period of five years. The pre-operating period is the period ending thirty days from the opening date of new start-up locations. During the pre-operating period, the activities of a new location are primarily space development, training, facility re-design and set-up in nature. Any revenues realized during the pre-operating period are recorded as a reduction of the pre-operating costs deferred.

Convertible debenture issue costs represent issue costs (including agents commissions) associated with the issuance of convertible debentures. These costs are amortized over the five year term of the debentures on a straight-line basis.

Deferred financing costs including costs to issue, exchange or alter capital or debt such as financing costs to refinance and secure credit facilities. Such costs are amortized over the term of the related financing on a straight-line basis.

f) Business combinations, goodwill and other intangible assets

Under CICA Handbook Section 3062, goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that an asset might be impaired. The impairment test is carried out in two stages. In the first stage, the carrying amount of each reporting unit is compared with its fair value to assess the potential for goodwill impairment. The second stage is completed when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of any impairment loss.

Brand names are considered to have indefinite lives and are tested for impairment annually.

Customer relationships are carried at their fair value as at the acquisition date, less amortization. The relationships are amortized on a straight-line basis over the expected period of benefit. Current relationships are being amortized over 20 years.

Prior to August 29, 1998, franchise fees were paid to acquire various franchise rights, including business systems. The franchise rights are carried at cost less amortization to date. The franchise rights are being amortized on a straight-line basis over a period of ten years.

Contractual rights are carried at their fair value as at the acquisition date, less amortization. The rights are being amortized on a straight-line basis over the term of the contract.

Software customization costs are carried at their fair value as at the acquisition date, less amortization. The costs are being amortized on a straight-line basis over a period of five years.

g) Convertible debentures

Exchanges of convertible debt for units are done at carrying value.

During 2005, the Fund adopted the amended recommendations of the CICA for the presentation and disclosures of financial instruments (CICA Handbook Section 3860.20A) specifically concerning the classification of obligations that an issuer can settle with its own equity instruments. The amendments result in the Fund's convertible debentures, which convert based on the value of the contractual obligation, being classified as a liability on the Consolidated Balance Sheets and the associated interest expense correspondingly being included on the Consolidated Statements of Income.

h) *Acquisition costs*

The Fund follows the policy of capitalizing acquisition costs incurred on successful completion of acquisitions. These costs are allocated to the identifiable assets acquired with any excess purchase price allocated to goodwill.

i) *Income taxes*

The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) and accordingly is not taxable on its income to the extent that its income is distributed to unitholders. This exemption does not apply to the Company or its subsidiaries, which are corporations that are subject to income tax.

The Fund's subsidiaries are subject to tax and follow the asset and liability method for accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

j) *Unearned rebates*

Pre-paid purchase rebates are recorded as unearned rebates on the balance sheet and amortized, as a reduction of the cost of purchases, on a straight-line basis over a period of seven years from the date of receipt.

k) *Unit-Based Compensation*

The Fund uses the fair value method to account for unit options granted to employees. Under the fair value method, the Fund recognizes estimated compensation expense related to unit options over the vesting period of the options granted, with the related credit being allocated to contributed surplus. Upon exercise of these unit options, amounts previously credited to contributed surplus are reversed and credited to unit capital.

l) *Earnings per unit and Class A common share*

Basic earnings per unit and Class A common share are calculated using the weighted daily average number of units and Class A common shares outstanding.

Diluted earnings per unit and Class A common share are calculated using the "if converted" method for convertible debt and exchangeable shares and the treasury stock method for warrants and stock options, if these instruments are dilutive. These methods assume that all Class A shares of the minority shareholders and convertible debentures outstanding at the quarter end or year end were converted at the beginning of the quarter or year, or at the date of issue, and that stock options and warrants outstanding at the quarter end or year end had been exercised at the beginning of the quarter or year, or when granted. The proceeds received on the exercise of warrants, are assumed to be used to purchase units at market prices. Interest savings on the conversion of convertible debentures are calculated using actual interest rates experienced during the year. Losses allocated to the non-controlling interest are reversed assuming Class A shares are exchanged.

m) *Foreign currency translation*

The Fund follows the current rate method of foreign currency translation for its net investment in its self-sustaining foreign operations. Under this method, assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet dates and income and expense items are translated at the average exchange rate during the period. The adjustment arising from the translation of these accounts is deferred and included in

equity as a cumulative translation adjustment. The appropriate amounts of accumulated exchange gains and losses are included in earnings when there is a reduction of the Fund's net investment in self-sustaining foreign operations.

Transactions of Canadian operations denominated in U.S. currency are translated into Canadian dollars at the rates of exchange in effect on the transaction dates. Foreign currency denominated monetary assets and liabilities of Canadian operations are translated at the exchange rate prevailing at the end of the period. Exchange gains and losses are included in net earnings for the period.

n) Derivative financial instruments

The Fund uses derivative financial instruments in the management of its foreign currency and interest rate exposures. The Fund does not enter into financial instruments for trading or speculative purposes.

The Fund purchases forward foreign exchange contracts to hedge a portion of the committed intercompany interest cash flows from its U.S. subsidiary. Foreign exchange translation gains and losses on foreign currency denominated derivative financial instruments used to hedge committed intercompany interest cash flows are recognized as an adjustment of the interest income when the income is recognized. The portion of the forward premium or discount on the contract relating to the difference between the forward rate and the spot rate is also recognized as an adjustment of the related interest income.

The Fund enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its term debt. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. Interest expense on the debt is adjusted to include the payments made and received under the interest rate swaps.

The Fund's policy is to formally designate each derivative financial instrument as a hedge of a specifically identified cash flow or debt instrument. The Fund also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used are effective in offsetting changes in fair values or cash flows of hedged items.

Realized and unrealized gains or losses associated with the derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred under other current, or non-current, assets or liabilities on the balance sheet and recognized into income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income.

o) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. CHANGE IN ACCOUNTING POLICY

Financial Instruments

Effective January 1, 2005, the Fund has adopted the amendments to CICA Handbook Section 3860 Financial Instruments. This change in accounting policy was applied retroactively and, accordingly, the consolidated financial statements of prior periods were restated. The amendments to this section address the balance sheet presentation of financial instruments as liabilities or equity. Accordingly, the Fund now classifies all of its convertible debt as liabilities. The cumulative effect of the change in policy on the balance sheet at December 31, 2004 was to increase convertible debt by $10,856,377 with a corresponding decrease to equity of $10,508,602 and an increase to deferred issue costs in the amount of $347,775. For 2004, the change in policy reduced net earnings by $250,962. The statement of deficit was restated to reflect the reclassification to the income statement of interest on the equity component of convertible debt of $250,962. The income statement changed by an increase to interest expense of $478,227, an increase to non-controlling interest of $71,343 and a reduction to future income tax expense of $155,922.

4. ACQUISITIONS

On January 1, 2005, the Fund purchased 100% of the shares of Abbotsford Auto Body Ltd., a single location repair facility located in Abbotsford, British Columbia.

On January 1, 2005, the Fund also purchased the business assets of Automation Paint & Body, located in Calgary, Alberta.

On January 28, 2005 the Fund acquired the Globe Amerada Glass Network division of Globe-Amerada Glass Company. The Globe Amerada Glass Network is an auto glass repair and replacement referral business based in Chicago, Illinois. During 2005, the Fund renamed this business Gerber National Glass Services ("GNGS").

On May 16, 2005, to facilitate new start up facilities in Illinois, the Fund purchased the business assets of Orland Park Auto Body, located in Oak Forest, Illinois.

On July 26, 2005, the Fund purchased the business assets of Western Auto Glass, located in Calgary, Alberta.

During 2004, the Fund purchased 100% of the shares of The Gerber Group, Inc. ("Gerber"), a collision repair group operating in the greater Chicago, Illinois area. The group operated 16 repair facilities, with two additional facilities under development. In addition, the Fund purchased the business assets of Best Way Auto Repair, also located in Chicago, Illinois, as well as the remaining 50% of the shares in 1st Choice Mobile Auto Glass Dealers Inc., in Vancouver, British Columbia and the shares of Cartech of Decatur, Inc. and Cartech of Towncenter, Inc., both located in Atlanta, Georgia.

The Fund has accounted for the acquisitions using the purchase method as follows:

	2005	2004
Identifiable net assets acquired at fair value:		
Current assets	**$ 1,944,679**	$ 9,572,301
Property, plant and equipment	**601,718**	3,823,336
Identified intangible assets		
Customer relationships	**2,355,430**	14,590,400
Brand name	**123,970**	3,979,200
Non-compete agreements	**-**	1,989,600
Software customization costs	**-**	464,240
Liabilities assumed	**(1,979,502)**	(6,997,590)
Identifiable net assets acquired	**3,046,295**	27,421,487
Goodwill	**822,008**	13,989,391
Total purchase consideration, including acquisition costs	**$ 3,868,303**	$ 41,410,878
Consideration provided		
Cash	**$ 2,503,603**	$ 28,812,793
Trust units	**744,850**	500,000
Vendor notes	**619,850**	12,098,085
Total consideration provided	**$ 3,868,303**	$ 41,410,878

U.S. acquisition transactions are initially recognized and shown as above in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the balance

sheet date. The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition.

Of the total additions to goodwill identified above, $724,094 (2004 - $629,590) relate to the Canadian geographic segment.

During 2005, additional purchase price paid on prior years acquisitions, as a result of certain contractual agreements, amounted to $388,403 (2004 - $260,541) of which $nil (2004 - $nil) was paid by issuing additional units. The additional purchase price paid was allocated to goodwill. Certain acquisitions include unit price guarantees or provisions for contingent purchase price amounts if certain financial performance is achieved. [Notes 25 and 26]

5. DISCONTINUED OPERATIONS

In January 2005, the Fund ceased operations in its North Vancouver location located in British Columbia.

On October 18, 2004, the Fund ceased operations in its Jarvis location in Winnipeg, Manitoba.

On August 31, 2004, the Fund disposed of its business in Service Collision Center, Inc. which consisted of one collision repair facility located in Wichita, Kansas.

On April 30, 2004, the Fund disposed of its shares in M&S Collision Center, Inc. which consisted of one collision repair facility located in Valparaiso, Indiana.

The consolidated balance sheets include the following assets and liabilities which relate to these discontinued operations:

		2005		2004
Current assets	$	-	$	514,371
Fixed assets		-		106,923
Goodwill and other intangible assets		-		48,434
		-		669,728
Current liabilities		-		121,366
Long-term liabilities		-		43,943
		-		165,309
Net assets	$	-	$	504,419

The results of discontinued operations are summarized below:

		2005		2004
Sales	$	**56,376**	$	3,314,727
Loss before income taxes		**(109,375)**		(684,054)
Income taxes		-		(294,386)
		(109,375)		(389,668)
Loss on disposition of assets		**(46,017)**		(1,177,654)
Tax recovery		-		(443,296)
Net Loss on disposition of assets		**(46,017)**		(734,358)
Net loss from discontinued operations	$	**(155,392)**	$	(1,124,026)

6. CASH (BANK INDEBTEDNESS)

	2005	2004
Funds on deposit	$ 1,171,856	$ 3,368,931
Unrestricted cash held on reserve to fund future capital lease obligations	520,446	1,238,923
Operating line at prime rate secured by a General Security Agreement securing all Fund assets	(3,002,974)	(4,029,306)
	$ (1,310,672)	$ 578,548

The Fund is provided an operating line of $10 million under the credit agreement from its senior lender, collateralized by a General Security Agreement. Losses on foreign exchange transactions associated with a Canadian domiciled U.S. dollar bank account within this facility amounted to $24,076 (2004 – $75,700). At December 31, 2005 the balance in the Canadian domiciled U.S. dollar bank account was $328,468 (2004 – line of credit of $2,342,161).

Included in interest expense is interest related to bank indebtedness of $367,658 (2004 - $291,106).

Subsequent to year end, the Fund's senior lender increased the Company's operating line from $10 million to $12 million. [Note 32]

7. NOTES RECEIVABLE

During 2004, the Fund accepted a promissory note from the purchaser of the shares of M&S Collision Center, Inc. as part of the consideration received on the sale of shares. This note was fully collected by the end of 2005.

During 2004, All-Consolidated Auto Rebuilders, Inc., one of the Fund's U.S. subsidiaries, transferred a portion of its operating assets into a new operating entity, Gerber Auto Collision and Glass (Harvey) LLC ("Harvey LLC"), in consideration for a 75% ownership in the new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity into the new business. The Fund accepted a promissory note as partial consideration received for the 25% equity contribution. The principal of the note was reduced during the year by $12,162 U.S. from distributable profits of the business.

	2005	2004
Promissory note receivable on sale of M&S Collision Center, Inc. Interest rate of 4.5% for the period up to November 1, 2004 and 8.0% thereafter. Principal of $189,647 in U.S. dollars due by way of instalments of $50,000 U.S. on February 1, 2005, May 1, 2005 and August 1, 2005, balance due on November 1, 2005.	$ -	$ 228,259
Promissory note receivable for equity contribution to Harvey LLC. Interest rate of 5.0%. Remaining principal of $328,586 in U.S. dollars and interest repayable from distributable profits of the Harvey LLC business. The note is secured by a personal guarantee and the equity position of the employee.	383,098	410,124
	383,098	638,383
Current portion	-	228,259
	$ 383,098	$ 410,124

8. PROPERTY, PLANT AND EQUIPMENT

	2005		2004		
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	Rates
Land	$ 52,472	$ -	$ 52,472	$ -	
Buildings	349,061	93,915	348,974	80,808	5%
Shop equipment / Paint spraybooths	15,498,140	7,776,096	14,522,311	6,552,292	15%
Equipment – office	1,535,285	914,007	1,475,615	796,259	20%
Computer hardware	2,437,347	1,789,170	2,349,386	1,500,148	30%
Computer software	1,378,134	1,037,011	1,428,986	1,078,673	3-5 years S.L.
Signage	858,414	484,698	793,941	435,535	15%
Vehicles	3,192,321	1,500,285	3,636,223	1,722,914	10-30%
Leasehold improvements	10,758,419	4,377,608	9,972,146	3,412,628	10-25 years S.L.
	$ 36,059,593	$ 17,972,790	$ 34,580,054	$ 15,579,257	
Net Book Value	$18,086,803		$19,000,797		

Included in the above are assets under capital lease with a cost of $3,110,089 (2004 - $3,232,241) and a net book value of $2,144,936 (2004 - $1,927,944). During the year, assets acquired through capital lease arrangements amounted to $1,060,003 (2004 - $652,453).

During 2004, the Fund evaluated the re-design costs incurred as part of the development of the "Big Box" prototype and expensed as part of a write down of goodwill and property, plant and equipment the remaining net book value of $194,582.

9. DEFERRED COSTS

	2005	2004
Pre-operating period costs	$ 1,306,588	$ 922,097
Convertible debenture issue costs	946,844	946,845
Financing costs	1,169,700	941,788
	3,423,132	2,810,730
Less accumulated amortization	(1,695,670)	(931,908)
	$ 1,727,462	$ 1,878,822

At the end of 2004, the Fund was developing five new collision repair facilities in the Chicago metropolitan area of which three locations were in operation by the end of 2004. During 2005, the remaining two locations were opened and one further facility was opened in the Chicago area. During 2005 the Fund launched glass repair operations in the markets of Arizona, Nevada, Washington, Georgia and Alberta. As well, during 2005 two additional collision repair facilities were under development in the Washington and Arizona markets. The associated pre-operating costs incurred during the year for these locations were $421,028.

When deferred costs are fully amortized, the cost and accumulated amortization are netted to write-off the asset.

10. GOODWILL

	2005	2004
Goodwill	$ 36,774,687	$ 38,627,169

During the year, $1,148,273 (2004 - $13,848,655) in additional goodwill was recorded. Of these amounts $759,870 (2004 - $13,588,114) was recorded as a result of acquisitions during the year with the remaining goodwill $388,403 (2004 - $260,541) relating to additional purchase price paid on prior years acquisitions as disclosed in note 4.

The Fund wrote-off goodwill during the year in the amount of $46,017 associated with the closing of its Facility in North Vancouver. This amount is included as part of the loss on disposition of discontinued assets as disclosed in note 5.

During 2005, as part of the ongoing goodwill impairment testing described in note 2(*f*), the Fund incurred goodwill write downs of $2,037,207. The write downs related to the Northwest reporting unit in the amount of $1,179,665, the Southeast reporting unit in the amount of $792,298, and $65,244 written off for a single location in Alberta. Goodwill write downs recorded in 2004 were $1,925,338 related to the Southeast reporting unit.

In addition, during 2004, the Fund wrote-off goodwill in the amount of $2,340,940 associated with the sale of M&S Collision Center, Inc. This amount was also included as part of the loss on disposition of discontinued assets as disclosed in note 5.

11. INTANGIBLE ASSETS

	2005		2004	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Customer relationships	**$ 15,040,110**	**$ (1,309,209)**	$ 13,239,600	$ (606,815)
Brand name	**3,614,290**	**-**	3,610,800	-
Non-compete agreements	**1,949,279**	**(1,180,820)**	1,905,642	(576,830)
Software customization costs	**333,252**	**(66,651)**	421,260	(87,296)
Franchise rights	**180,000**	**(143,545)**	190,000	(133,460)
Zoned property rights	**59,108**	**(13,201)**	65,703	(7,020)
	$ 21,176,039	**$ (2,713,426)**	$ 19,433,005	$ (1,411,421)
Net Book Value	**$ 18,462,613**		$ 18,021,584	

During 2005, $2,215,210 of customer relationships and $116,590 of brand name intangible assets were recognized as part of the acquisition of the Globe Amerada Glass Network division of Globe-Amerada Glass Company. The brand name is considered an indefinite life intangible asset and will be tested for impairment on at least an annual basis. The customer relationships are definite life intangible assets that will be amortized on a straight-line basis over periods of twenty years.

During 2004, identifiable intangible assets were separately recognized as part of the acquisition of Gerber. The Gerber brand name is considered an indefinite life intangible asset and will be tested for impairment on at least an annual basis. The customer relationships, non-compete agreements and software customization costs are definite life intangible assets that will be amortized on a straight-line basis over periods of twenty, three and five years, respectively.

During the year amortization expense of $1,487,912 (2004 - $1,303,263) was recognized on definite life intangible assets.

12. LONG-TERM DEBT

The Company's term facility is a committed reducing facility in the amount of $9.4 million U.S., collateralized by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. The term facility amortizes quarterly with $1.2 million U.S. due in 2006, $2.4 million U.S. due in 2007, $4.0 million U.S. due in 2008 and $1.8 million U.S. due in 2009.

On February 28, 2005 the Fund's interest rate swap contract which fixed the interest rate on the original notional amount of $12 million U.S. of long-term debt at a rate of 1.58% plus incentive priced spread expired. The senior term facility is currently hedged using an interest rate swap contract fixing the interest rate on the notional amount of $9.4 million U.S. of long-term debt at a rate of 4% plus incentive priced spread. The contract became effective March 1, 2005 and terminates on January 15, 2009.

On March 31, 2005 the Fund repaid $800,000 U.S. of its bank term facility. Foreign exchange gains associated with the settlement of a portion of the long-term debt facility amounted to $217,200. As a result of the reduction in the term debt, the Fund unwound a portion of the interest rate swap in order to match the nominal amount of the swap to the lower term debt. There were no settlement costs related to the unwinding of the interest rate swap. Other foreign exchange gains on regularly schedule repayments amounted to $88,030.

On June 1, 2004, the Fund repaid $1,076,040 ($720,000 U.S.) of its bank term facility from proceeds received on the sale of shares of M&S Collision Center, Inc. Foreign exchange gains associated with the settlement of a portion of the long-term debt facility amounted to $98,496.

As part of the amendments made to the Fund's credit facility in the third quarter of 2004, a $1.74 million U.S. pre-payment was made to its term facility. Foreign exchange gains associated with the settlement amounted to $876,859. As a result of the reduction in the term debt, the Fund unwound a portion of the interest rate swap in order to match the nominal amount of the swap to the lower term debt. There were no settlement costs related to the unwinding of the interest rate swap.

The Company has an agreement with its trading partners that provides for a $15 million acquisition loan facility. The loan facility provides for a maximum draw of $5 million in any calendar year, commencing from the date the first loan is advanced and cumulative for subsequent years. Loan advances for any particular acquisition or start-up are subject to certain limits and are, in part, dependent upon the amount of prepaid rebate requested or available for a particular transaction. Each loan advanced in respect of a transaction is supported by a Promissory Note, with a five-year term and annual interest-only payments, based on one year LIBOR rates plus 3.5%, due on the anniversary date of each note. The full principal amount of each note is due on maturity, or within 90 days of the date that the Fund elects to sell or close any business for which loan funding was provided and a promissory note balance remains outstanding. The promissory notes are subject to certain covenants and conditions and are supported by a limited guarantee provided by 4612094 Manitoba Inc., a party related to the Fund. [Note 21]

The trading partner debt is comprised of $8,295,823 ($7,115,381 U.S.) due on January 31, 2009 to fund a portion of the Gerber acquisition. Effective January 1, 2005, the Fund received an additional $2,799,040 ($2,125,200 U.S.) in trading partner debt for the Atlanta acquisitions as well as start-ups in Arizona, Illinois, and Washington. Also effective January 1, 2005 the Fund received $429,580 for the Abbotsford and Automation acquisitions. Amounts received on January 1, 2005 are due on January 1, 2010. On April 1, 2005 and May 1, 2005 the Fund received further funding related to the Renton and Orland Park start-ups in the amount of $384,060 ($313,810 U.S.), due April 1, and May 1, 2010.

On January 28, 2005, the Fund received subordinated supplier debt in the amount of $612,650 ($500,000 U.S.) related to the acquisition of the Globe Amerada Glass Network division of Globe-Amerada Glass Company. The loan facility was provided at U.S. prime plus 2% (interest forgiveable upon satisfaction of certain purchase requirements) with quarterly principal payments of $25,000 U.S. from April 20, 2005 to January 20, 2010.

	2005	2004
Term facility, secured by a General Security Agreement and subsidiary guarantees, incentive priced interest rates ranging from prime/U.S. base rate plus 0.5% to 1.75% on prime based or U.S. base rate loans, or Bankers' Acceptances/LIBOR stamp fee plus 2.0% to 3.25% on Banker's Acceptances or LIBOR loans, repayable in increasing quarterly instalments from January 15, 2006, to January 15, 2009, with the full amount of the facility repayable in U.S. funds. Interest rate fixed on $10,959,460 Cdn. of the loans using interest rate swaps at 4% plus incentive pricing spread until January 2009.	**$ 10,959,460**	$ 12,637,800
Trading partner debt, supported by a limited guarantee provided by 4612094 Manitoba Inc. Interest rate based on LIBOR plus 3.5%, repayable in U.S. Funds from January 31, 2009 to May 1, 2010.	**11,569,044**	8,564,073
Subordinated supplier debt at prime plus 2% (interest forgivable) with quarterly principal payments of $25,000 U.S. Repayable quarterly instalments from January 20, 2006 to January 20, 2010 in U.S. funds.	**495,508**	-
Vendor notes payable of $693,020 U.S. on the financing of certain acquisitions, unsecured, at interest rates ranging from 4.0% to 8.0%. The notes are repayable from January 2005 to June 2010 in U.S. funds.	**807,992**	1,433,336
	23,832,004	22,635,209
Current portion	**1,652,451**	960,308
	$ 22,179,553	$ 21,674,901

Included in interest expense is interest on long-term debt of $1,590,460 (2004 - $1,155,781).

Principal payments required in the next five years are as follows:

2006	1,652,451
2007	3,031,794
2008	4,900,633
2009	10,923,622
2010	3,323,504

Subsequent to year end, the Fund satisfied all pre-existing trading partner obligations and entered into new arrangements. [Note 32] In addition, the Fund repaid $1,800,000 U.S. of its term debt, and simultaneously broke $1,800,000 U.S. of its interest rate swap at no cost.

13. OBLIGATIONS UNDER CAPITAL LEASES

		2005		2004
Equipment leases, at interest rates ranging from 7.95% to 20.66%, repayable in aggregate monthly instalments of $12,834 (2004 - $8,774), due January 2006 to September 2010 (2004 – January 2005 to November 2009), secured by equipment with a net book value of $1,397,170 (2004 - $971,738).	$	**1,105,618**	$	677,126
Vehicle leases, at interest rates ranging from 4.63% to 9.64%, repayable in aggregate monthly installments of $40,654 (2004 - $64,648) due January 2006 to December 2008 (2004 – January 2005 to December 2006), secured by vehicles with a net book value of $747,766 (2004 - $956,206)		**790,897**		960,938
		1,896,515		1,638,064
Current portion		**641,851**		881,063
	$	**1,254,664**	$	757,001

Included in interest expense is interest related to capital leases of $117,637 (2004 - $151,228).

Principal payments required in the next five years are as follows:

2006	641,851
2007	348,080
2008	581,737
2009	305,583
2010	19,264

Subsequent to year end, the Company prepaid $847,330 U.S. of its equipment capital lease obligations. [Note 32]

14. CONVERTIBLE DEBT

		2005		2004
Series I Convertible Debentures	$	**83,858**	$	102,858
2002 Convertible Debentures		**2,317,000**		2,327,000
2003 Convertible Debentures		**1,585,000**		1,585,000
2004 Vendor exchange notes		**8,197,676**		9,787,675
2005 Vendor exchange note		**582,950**		-
		12,766,484		13,802,533
Value assigned to 2003 warrants		**(66,900)**		(66,900)
	$	**12,699,584**	$	13,735,633

Included in interest expense is interest on convertible debt of $917,944 (2004 - $859,897).

Although the Fund has the ability to repay the principal portion of the convertible debt by the issuance of units, the debt obligations are, for accounting purposes, classified as debt because the number of units required to settle the obligation is based on the amount of the contractual obligation. [Note 3]

Series I:

The debentures, issued January 5, 1998, bear interest at 8.5% per annum, paid quarterly and were originally due on January 4, 2003. On December 4, 2002, the Fund extended the term of the Series I debentures to January 4, 2008 as well as obtaining the right, at the option of the Fund, to satisfy the debentures, upon 30 days notice, by conversion to units at a price of $ 4.71 per unit. They are convertible at any time prior to maturity by the holder thereof into units of the Fund at the rate of 212.5 units for each $1,000 of debentures converted. The debentures are secured by a floating charge on all property of the Fund subordinated to security granted to a bank or trust company and purchase money security interests. They rank pari passu with other debentures issued by the Fund.

During the year, $19,000 (2004 - $630,000) in Series I debentures were converted into units.

2002 Debentures:

The debentures were issued on two separate dates, $6,950,000 on December 3, 2002 and $550,000 on December 16, 2002. They bear interest at 8.0% per annum, paid quarterly and are due on December 2, 2007. The debentures are convertible, at the option of the holders, into units at a price of $ 8.00 per unit. The Fund has the option to settle all or a portion of the debenture obligation at maturity, through the issuance of units at the then market price, subject to a floor price of $5.52 per unit. The debentures are secured by a floating charge on all property of the Fund subordinated to security granted to a bank or trust company and purchase money security interests. They rank pari passu with other debentures issued by the Fund.

During the year, $10,000 (2004 - $3,566,000) in 2002 debentures were converted into units.

2003 Debentures:

The debentures were issued on two separate dates, $1,740,000 on September 30, 2003 and $520,000 on November 10, 2003. They bear interest at 8.0% per annum, paid quarterly and are due on September 29, 2008. The debentures are convertible, at the option of the holders, into units at a price of $ 8.60 per unit. The debentures are also redeemable in whole or in part, at the option of the Fund using cash or units, for a 5% premium on principal from October 1, 2004 to September 30, 2005, and a 2.5% premium on principal from October 1, 2005 until just prior to maturity. The Fund has the option to settle all or a portion of the debenture obligation including any early redemption premiums at any time after the first anniversary up to maturity through the issuance of units at the then market price, subject to a floor price of $4.41 per unit. The debentures are secured by a floating charge on all property of the Fund subordinated to security granted to a bank or trust company and purchase money security interests. They rank pari passu with other debentures issued by the Fund.

During the year, $ nil (2004 - $675,000) in 2003 debentures were converted into units.

2004 Vendor exchange notes:

The exchange notes were issued upon the acquisition of Gerber on February 2, 2004 and bear interest at a fixed rate of 6.4% per annum, payable quarterly, commencing on May 1, 2004 and continue to and including February 1, 2008. Principal is due February 1, 2008. The holders have the right to exchange for a fixed exchange price of $6.62 U.S. per unit, 40% of the notes for units of the Fund after the first anniversary date of the notes, 60% after the second anniversary date, 80% after the third anniversary date and 100% after the fourth anniversary date. The Fund, has the right to settle the exchangeable notes at maturity, through the issue of trust units, at current market price, such price not to exceed the fixed price of $6.62 per unit, and subject to issuing a maximum number of units calculated by dividing the value of the notes then outstanding by a floor price of $5.61 U.S. per unit.

During the year, $1,348,480 (2004 - $nil) were converted into units.

2005 Vendor exchange note:

The exchange note was issued upon the acquisition of the Globe Amerada Glass Network division of Globe-Amerada Glass Company on January 28, 2005 and bears interest at a fixed rate of 6% per annum, payable quarterly, commencing April 28, 2005 and continue to and including January 28, 2010. Principal is due January 28, 2010. The holder has the right to exchange, for a fixed exchange price of $6.75 U.S. per unit, 10% of the note for units of the

Fund after the first anniversary date of the note, 25% after the second anniversary date, 40% after the third anniversary date, 70% after the fourth anniversary date and 100% after the fifth anniversary date. At its option, the Fund has the right, on maturity of the note or when all or any part of the principal sum is payable, to pay all or any part of the principal sum through the issue of units, at the greater of market price or $5.00 U.S. per unit.

2003 Warrants:

The weighted-average fair value of the warrants at issuance was estimated at $92,300 or $0.41 per warrant. The fair value of each warrant was estimated using a binomial option pricing model with the following weighted average assumptions used for the warrants granted: dividend yield 13.25%, expected volatility 19.4%, risk free interest rate 4.35%, and expected life of the warrants of 2 years.

During 2005, nil (2004 – 62,200) of the 2003 warrants were exercised at an amount of $ nil (2004 -$534,920). The remaining balance of the 2003 warrants expired and were reclassified to contributed surplus. [Note 17]

15. UNEARNED REBATES

Pursuant to agreements with multiple trading partners entered into in July, 1999, the Fund received pre-paid material purchase rebates from these trading partners for each acquired collision repair business or start-up collision repair shop. Amounts are recorded as unearned rebates when received and are amortized as a reduction to cost of sales over a period of 84 months from date of receipt.

Under the terms of such agreements, the Fund is obligated to purchase the trading partners' products on an exclusive basis for a term, which extends beyond the 84 month amortization period. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Fund.

Early termination or default by the Fund would require the Fund to repay the aggregate unamortized balance of funding received plus interest from the date of termination or default to the date of repayment.

The Fund may also be required to repay the unamortized balance of funding received for any acquired business or start-up location that it subsequently decides to close or sell. During 2005, $ nil (2004 - $191,699) was deducted from additional rebates drawn on new locations, in order to repay the unamortized amount for such locations.

During 2001, the Fund entered into a sale-leaseback transaction on property previously owned. The gain on the transaction has been deferred and is being amortized into income over the term of the subsequent lease. The unamortized amount of the gain at December 31, 2004 was $173,088 (2004 - $181,566).

16. CAPITAL

Unitholder's Capital

Authorized:

Unlimited number of Trust Units

Issued:

On January 24, 2003, the shareholders of the Company approved a plan of arrangement (the "Arrangement") that reorganized the Company into the Fund. On February 28, 2003, under the terms of the Arrangement, the Fund acquired 53.67% (64.96% of publicly held shares and 15% of management group shares) of the Class A (Restricted Voting) shares of the Company from its shareholders, through a series of transactions, resulting in the issue of 2,389,957 trust units as consideration. Also under the terms of the Arrangement, BGHI acquired the remaining 46.33% (35.04% of publicly held shares and 85% of management group shares) of the Class A (Restricted Voting) shares of the Company from its shareholders, issuing 2,062,863 Class A common shares as consideration. Each

public shareholder (other than the management group) indirectly received 0.6496 trust units of the Fund and 0.3504 Class A common shares of BGHI in exchange for each four Class A (Restricted Voting) shares held in the Company prior to the Arrangement. The Company, with a majority ownership controlled by the Fund, and a non-controlling interest held by BGHI, carried on the current business of the Company.

As part of the Arrangement, 46.33% (the "minority percentage") of the outstanding Class A (Restricted Voting) shares of the Company, on February 28, 2003, were converted into Class A common shares of BGHI. This ownership position in the Company by BGHI was reflected as non-controlling interest by the Fund until March 1, 2005. CICA EIC-151 recommends that exchangeable securities issued by a subsidiary of an income trust should be presented as part of unitholder's equity when certain conditions are met. Effective March 1, 2005, the Class A shareholders of BGHI were entitled to receive distributions of earnings economically equivalent to distributions received by unitholders of the Fund, and accordingly the exchangeable shares met these conditions. As a result, the Class A shares of BGHI no longer represent a non-controlling interest and instead, along with related accounts, are presented as part of unitholder's equity.

The ownership percentages of the Company between the Fund and BGHI continue to change as new units are issued and Class A common shares of BGHI are retracted. At December 31, 2005, the ownership percentage held by the Fund was 81.94% and BGHI was 18.06%.

On January 19, 2004, the Fund announced the completion of a $14 million bought deal private placement of 1,750,000 subscription receipts, priced at $8.00 per unit plus one-half of a unit purchase warrant. Each whole warrant is exercisable into one unit at a unit price of $10.00 per unit for a period of three years from the closing of the offering, being February 2, 2004.

As part of the sale of M&S Collision Center, Inc. on April 30, 2004, the Fund purchased and cancelled 49,101 units having a book value of $297,061, for an amount of $512,179. The premium paid to acquire the units, in the amount of $215,118, was charged to the deficit of the Fund.

The following provides a continuity of unitholders' capital:

	2005		2004	
	Units	**Amount**	Units	Amount
Unitholders' capital, beginning of year	**7,778,466**	**$ 46,437,688**	3,924,864	$ 21,058,197
Units issued under offerings	**-**	**-**	1,750,000	14,000,000
Less value allocated to 2004 warrants	**-**	**-**	-	(422,700)
Value adjustment on exercise of 2004 warrants	**-**	**-**	-	1,200
Issue costs	**-**	**(110,448)**	-	(1,239,507)
Unit price guarantee payments	**-**	**(48,355)**	-	-
Units issued under guaranteed price contracts	**41,392**	**-**	66,185	-
Units issued to settle retraction of Class A common shares of BGHI	**372,861**	**146,038**	749,272	3,043,795
Units issued on conversion of 1998 debentures	**4,037**	**19,000**	133,872	630,000
Units issued on conversion of 2002 debentures	**1,250**	**10,000**	445,750	3,566,000
Units issued on conversion of 2003 debentures	**-**	**-**	78,482	675,000
Units issued on conversion of 2004 vendor exchange notes	**166,284**	**1,348,480**	-	-
Units issued on exercise of 2003 warrants	**-**	**-**	62,200	534,920
Units issued on exercise of 2004 warrants	**-**	**-**	2,500	25,000
Units issued on acquisitions	**92,952**	**733,900**	57,143	500,000
Units repurchased and cancelled	**-**	**-**	(49,101)	(297,061)
Units redeemed	**-**	**-**	(61)	(488)
Units issued under reinvestment programs	**899,766**	**4,594,051**	557,360	4,363,332
Unitholders' capital, end of year	**9,357,008**	**$ 53,130,354**	7,778,466	$ 46,437,688

Shareholders' Capital

Authorized:

2,062,863 Class A common, retractable, voting shares

Under the terms of the Arrangement BGHI acquired the remaining shares of the Company. The Class A common shares of BGHI are exchangeable into units of the Fund. As of March 1, 2005, Class A shareholders of BGHI are entitled to receive distributions of earnings economically equivalent to distributions received by units of the Fund and all restrictions on exchange were removed. As a result, the exchangeable Class A shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund at December 31, 2005.

Upon request for retraction by the shareholder, the Class A common shares of BGHI are exchangeable into units of the Fund. To facilitate the exchange, BGHI issues one Class B common share to the Fund for each Class A common share that has been retracted. The Fund in turn issues a trust unit to the Class A common shareholder. Beginning March 1, 2003, each Class A common share was retractable for 0.4 units. The unit consideration for a retraction increased by 0.05 units each subsequent month until March 1, 2004, when one share becomes exchangeable for one unit thereafter. Other restrictions, which prevented the retraction of Class A shares of BGHI held by management under the arrangement, expired on February 28, 2005. Exchanges are done at carrying value.

Issued:

The exchangeable share capital of BGHI is as follows:

		2005
Class A common shares		
Number of shares outstanding		**909,103**
Carrying Value of shares outstanding	**$**	**66,003**

17. WARRANTS

On September 30, 2003 and November 10, 2003, the Fund closed a five year, 8.0% convertible debenture offering and received proceeds of $2,260,000. Warrants were attached to the 2003 debentures, wherein each $1,000 in debentures carried 100 warrants, for a total of 226,000 warrants issued. On September 30, 2005, 142,800 of the 2003 warrants with a value of $58,400 expired. On November 10, 2005, 21,000 of the 2003 warrants with a value of $8,500 expired. As a result, $66,900 of the 2003 warrants which had been included in warrants on the balance sheet have been reclassified to contributed surplus.

On January 19, 2004 the Fund closed a $14 million private placement of 1,750,000 subscription receipts, priced at $8.00 per unit plus one-half of a unit purchase warrant. Each whole warrant is exercisable into one unit at a unit price of $10.00 per unit for a period of three years from the closing of the offering, being February 2, 2004. The warrants can be exercised without conversion of the underlying debenture. The weighted-average fair value of the warrants at issuance was estimated at $422,700 or $0.48 per warrant. The fair value of each warrant was estimated using a binomial option pricing model with the following weighted average assumptions used for the warrants granted: dividend yield 13.25%, expected volatility 18.7%, risk free interest rate 4.35%, and expected life of the warrants of 3 years.

	2005		2004	
	Warrants	**Value**	Warrants	Value
Warrants issued as part of the 2003 convertible debenture offering	**-**	**$ -**	163,800	$ 66,900
Warrants issued as part of the 2004 private placement unit offering	**872,497**	**421,500**	872,497	421,500
Warrants outstanding, end of year	**872,497**	**$ 421,500**	1,036,297	$ 488,400

18. NON-CONTROLLING INTEREST

In 2003, a minority percentage of the issued and outstanding Class A (Restricted Voting) shares of the Company were converted into Class A common shares of BGHI. BGHI is a private company and as such its shares are not listed on any stock exchange. As of March 1, 2005, Class A shareholders of BGHI became entitled to receive distributions of earnings economically equivalent to distributions received by units of the Fund and all restrictions on exchange were removed. As a result, the exchangeable Class A shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund and the Class A shares no longer represent non-controlling interest of the Fund.

On May 1, 2004, All-Consolidated Auto Rebuilders, Inc., one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to Harvey LLC, in consideration for a 75% ownership in the new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity into the new business. The operating results of the new entity have been included in the consolidated results of the Fund, with the 25% ownership reflected as non-controlling interest.

For each of the years ended December 31, 2005 and 2004, the non-controlling interest arose as follows:

	2005		2004	
	Shares	**Amount**	Shares	Amount
Non-controlling interest, beginning of year	**2,062,863**	**$ 1,113,680**	2,062,863	$ 6,691,342
Less minority percentage of the loss of the Company for the period from January 1, 2005 to February 28, 2005 and the year 2004	**-**	**(223,164)**	-	(1,719,976)
Less dividends paid to BGHI from January 1, 2005 to February 28, 2005 and the year 2004	**-**	**(274,360)**	-	(1,391,401)
Less accrued dividend payable to BGHI	**-**	**-**	-	(137,180)
Less reciprocal investment by the Company in BGHI	**-**	**(20,879)**	-	(3,278,465)
Class A common shares retracted	**(5,143)**	**(20,879)**	(749,743)	(3,043,795)
Class B common shares issued for units in settlement for retractions	**5,143**	**20,879**	749,743	3,043,795
Add dividends received and receivable on Class B shares from January 1, 2005 to February 28, 2005 and the year 2004	**-**	**101,074**	-	437,805
Less remaining non-controlling interest eliminated on the combination of Class A shares within the Fund	**(2,062,863)**	**(184,796)**	-	-
Add portion of distributable profits (loss) of Harvey LLC	**-**	**(11,512)**	-	47,078
Add contribution by minority equity holder in Harvey LLC	**-**	**-**	-	532,746
Less distributable profits paid to minority equity holder in Harvey LLC	**-**	**(38,834)**	-	-
Foreign exchange adjustment in Harvey LLC	**-**	**(14,294)**	-	(68,269)
Non-controlling interest, end of year	**-**	**$ 446,915**	2,062,863	$ 1,113,680

The total effect of non-controlling interest on earnings for the period was $234,676 (2004 - $1,672,898). The amount is the combination of the minority loss of the Company of $223,164 (2004 - $1,719,976) plus the portion of the distributable loss of Harvey LLC of $11,512 (2004 – profit of $47,078).

Beginning in the second quarter of 2004, the Fund initiated the selling of its investment in Class B shares of BGHI on a monthly basis to the Company. As a result, the Company's investment in BGHI and the dividends received and receivable on such investment up to and including February 28, 2005 have been recorded as a reciprocal investment and netted with non-controlling interest. Effective March 1, 2005 dividends on Class B shares are eliminated upon consolidation of the Fund and BGHI.

19. DISTRIBUTIONS AND DIVIDENDS

On December 15, 2005, the Fund announced the suspension of cash distributions to unitholders and shareholders of BGHI until further notice. The suspension of distributions was effective following the December 23, 2005 payment.

Monthly distributions to unitholders of the Fund and dividends to the Class A and B common shareholders of BGHI were paid as follows:

a) Monthly distributions:

Record date	Payment date	Distribution per unit	Dividend per share	Distribution amount	Dividend amount
January 31, 2005	February 24, 2005	$ 0.095	$ 0.0665	$ 753,970	$ 137,180
February 28, 2005	March 29, 2005	0.095	0.0665	775,621	137,181
March 31, 2005	April 27, 2005	0.095	0.095	782,973	195,972
April 30, 2005	May 27, 2005	0.095	0.095	819,792	195,972
May 31, 2005	June 28, 2005	0.0583	0.0583	509,128	120,265
June 30, 2005	July 27, 2005	0.0583	0.0583	513,821	120,265
July 31, 2005	August 29, 2005	0.0583	0.0583	518,330	120,265
August 31, 2005	September 28, 2005	0.0583	0.0583	523,371	120,265
September 30, 2005	October 27, 2005	0.0583	0.0583	528,517	120,265
October 31, 2005	November 28, 2005	0.0583	0.0583	536,460	120,264
November 30, 2005	December 23, 2005	0.0583	0.0583	544,402	120,265
December 31, 2005	January 27, 2006	-	-	-	-
		$ 0.7881	$ 0.7311	$ 6,806,385	$ 1,508,159

b) Distributions payable to unitholders:

	2005	2004
Distributions payable, beginning of year	$ 738,954	$ 372,862
Distributions declared during the year	6,806,385	7,956,508
Distributions paid during the year	(7,545,339)	(7,590,416)
Distributions payable, end of year	$ -	$ 738,954

c) Dividends payable to Class A and B common shareholders of BGHI:

	2005	2004
Dividends payable, beginning of year	$ 137,180	$ 78,389
Dividends declared during the year	1,508,159	1,528,581
Dividends paid during the year	(1,645,339)	(1,469,790)
Dividends payable, end of year	$ -	$ 137,180

Of the dividends declared during the year, $611,977 relate to the Class A shares of BGHI since March 1, 2005, the point in time when the Fund began recognizing the presentation of the BGHI exchangeable shares.

Reinvestment plans
On September 18, 2003, the Fund adopted a Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan (the "Plan"), which was made available to unitholders of record on September 30, 2003.

The Plan allows eligible unitholders to direct that the monthly cash distributions paid by the Fund in respect of their existing units be reinvested in additional units at a 5% discount to the average market price. Distributions are recorded at the full amount and the additional units issued as a result of the discount are recorded in unitholders' capital.

The Plan also includes a feature which allows participants to elect either to have these additional units held for their account under the Plan, or have them delivered to a designated broker in exchange for a premium cash payment,

provided by the broker, equal to 102% of the reinvested amount.

The Plan also allows those unitholders who participate in either the regular distribution reinvestment component or the premium distribution component of the Plan to purchase additional units from treasury for cash at a purchase price equal to the average market price (with no discount), subject to certain limits described in the Plan.

At the same time, the Company and BGHI adopted a Premium Dividend Plan with the same terms and conditions as the Premium Distribution Plan made available to unitholders. Under the Premium Dividend Plan BGHI may elect to reinvest all or part of its dividends from the Company.

Under terms of the Fund's Plan, the Fund has the right to determine on or before each monthly distribution record date the amount of equity, if any, that will be made available under the Plan on the distribution payment date to which such record date relates. Commencing with the Fund's December 2005 distribution payment, and until further notice, the Fund and BGHI determined not to make equity available to unitholders of the Fund or shareholders of BGHI for reinvestment under either of the plans.

20. UNIT-BASED COMPENSATION

Pursuant to the Fund's Option Agreement and Confirmation, the Fund has granted options to purchase units of the Fund to certain key executives. The options were granted on December 13, 2004 and permit the purchase of up to 300,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on August 25, 2014. The exercise price, which was set at the time of granting, is the weighted average trading price of the units on the Toronto Stock Exchange for the first 15 trading days in the month of December, 2004 being $7.48 per unit. The weighted-average fair value of the options at issuance was estimated at $106,732 or $0.35577 per option. The fair value of each option was estimated using a binomial option pricing model with the following weighted average assumptions used for the options granted: dividend yield 13.25%, expected volatility 31.1%, risk free interest rate 4.83%, term 9 years and 255 days.

The following options are outstanding at December 31, 2005:

Date Granted	Number of Units	Exercise Price	Expiry Date
December 13, 2004	300,000	$7.48	December 13, 2014

Although the options were granted on December 13, 2004 by the Board of Trustees, they were subject to unitholder approval which took place at the Annual General Meeting in the second quarter of 2005.

During the period the Fund has recognized $11,452 as compensation expense related to these options, with the related credit being charged to contributed surplus.

21. SWAP BREAKAGE COSTS

On January 7, 2004, the Fund incurred a swap breakage fee in the amount of $531,360 on the settlement of the remaining portion of an interest rate swap contract outstanding from 2003.

22. RELATED PARTY TRANSACTIONS

During the year, the Fund engaged in the following transactions with related parties:

a) Management services fees paid to C.C. Collision Repair Management Limited Partnership ("C.C. Repair") totaling $1,048,966 (2004 - $909,633). C.C. Repair, an entity owned by parties related to senior officers of the Fund, employs all of the Fund's operations managers for its Manitoba locations, as well as certain senior corporate management staff and provides the services of these personnel to the Fund under contract. Other than $24,000 (2004 - $24,000), all of the management fees collected by C.C. Repair were in turn paid out in expenses, either directly or indirectly to these employees of C.C. Repair for salaries, wages and benefits, or for other expenses associated with the delivery of management services.

b) Property rent totaling $50,698 (2004 - $51,440) paid to 3577997 Manitoba Inc., a subsidiary of Coast to Coast Collision Centres Inc, an entity owned by parties related to senior officers of the Fund. The payments represent premises rental expense for the Fund's collision repair location at 139 Main Street, Selkirk, Manitoba, which is owned by 3577997 Manitoba Inc. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the lease are representative of fair market value.

c) The Fund's subsidiary, The Boyd Group Inc., has declared dividends totalling $502,400 (2004 - $650,874), through BGHI to 4612094 Manitoba Inc., an entity owned directly or indirectly by senior officers of the Fund. At December 31, 2005, 4612094 Manitoba Inc. owned 600,538 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI. On April 1, 2005, 4612094 Manitoba Inc. converted 277,834 Class A common shares to units of the Fund. This exchange took place at carrying value.

d) On November 10, 2003, 4612094 Manitoba Inc. provided a limited guarantee, on behalf of the Company, in order to obtain acquisition financing from certain trading partners. A guarantee fee, in the amount of $395,267, was approved by the Board of Directors on January 19, 2004, with an initial fee of $250,000 payable immediately and an additional fee of $145,267 paid January 1, 2005.

e) On February 1, 2004, the Company issued $8.1 million U.S. of exchangeable notes to the vendors as part of the purchase of The Gerber Group, Inc. The Company has retained former owners of Gerber in senior officer positions in its U.S. operations. These senior officers originally held $3,606,538 U.S of the exchangeable notes issued. On February 23, 2005, $1,348,480 ($1,100,800 U.S.) of the notes were converted into units, leaving the senior officers with a balance of $2,942,646 U.S. During 2005, the Company paid interest on the exchangeable notes to the senior officers totaling $235,757 (2004 - $250,709).

f) On May 1, 2004, All Consolidated Auto Rebuilders, Inc. one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to a new entity, Harvey LLC, in consideration for a 75% ownership in this new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity to the new business. The operating results of the new entity have been included in the consolidated results of the Fund for the period from inception to December 31, 2005, with the employee's 25% ownership reflected as part of the non-controlling interest. The Fund provided a loan, in the amount of $340,748 U.S. to this employee, to assist the employee in acquiring the 25% equity interest in Harvey LLC. The principal of the note was reduced during the year by $12,162 U.S. from distributable profits of the business, leaving a balance of $328,586 U.S. The Fund has recorded the loan as a note receivable from the employee, receivable from the distributable profits of the Harvey LLC business [Note 6].

g) Property rent totaling $110,905 (2004 - $108,336) was paid to Gerber Building No. 1 Partnership, an entity owned 40% by officers of The Boyd Group (U.S.), Inc. The payments represent premises rental expense for the Fund's collision repair location at 275 Sundown Road, South Elgin, Illinois. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship.

h) Autofit Retainers & Tools, a supplier of automotive parts, recorded sales to the Fund in the amount of $64,231 (2004 - $55,348) of which $9,350 (2004 - $8,856) was allocated as income to The Terry Smith Family Trust. The supplier relationship between Autofit Retainers & Tools and the Fund does not include any non-standard terms and the transactions of this arrangement are accounted for at the exchange amount.

i) Certain advertising and related expenses are paid to CMS Inc., a company owned by the spouse of an officer of the Company. During 2005, these expenses amounted to $91,104 (2004 - $160,465) and are accounted for at the exchange amount.

j) Property rent totaling $134,093 (2004 - $135,424) was paid to Chassie Holdings Ltd., a company controlled by an officer of the Company. The payments represent premises rental expense for the Fund's collision repair locations in Red Deer and Olds, Alberta. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship.

23. INCOME TAXES

The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) and accordingly is not taxable on its income to the extent that its income is distributed to unitholders. This exemption does not apply to the Company or its subsidiaries, which are corporations that are subject to income tax.

a) Future income taxes of the Company consist of the following temporary differences on:

		2005		2004
Property, plant and equipment	$	**1,460,748**	$	737,668
Intangible assets		**(1,203,364)**		(1,122,701)
Losses carried forward		**3,526,132**		3,630,751
Other		**(33,994)**		(42,381)
	$	**3,749,522**	$	3,203,337

b) The Fund's tax (recovery) expense is made up as follows:

		2005		2004
Earnings before income taxes and non-controlling interest	$	**938,909**	$	1,881,122
Earnings of the Fund subject to tax in the hands of the unitholders, not the Fund		**(6,806,385)**		(7,926,978)
Loss of subsidiary companies	$	**(5,867,476)**	$	(6,045,856)
Combined basic Canadian and U.S. Federal, provincial and state tax rates		**35.37%**		37.01%
Income taxes at combined statutory rates	$	**(2,075,213)**	$	(2,237,571)
Adjustments for the tax effect of -				
Non-deductible depreciation		**65,865**		88,188
Non-deductible withholding taxes		**-**		-
Other non-deductible expenses		**50,648**		244,929
Amortization of permanent goodwill deductions		**206,478**		603,373
Permanent tax deductions		**(44,217)**		(525,402)
Deduction of share issue costs		**-**		(466,055)
Changes in future tax assets and liabilities resulting from changes in substantively enacted tax rates		**74,743**		39,932
Non-recognition of available losses carried forward		**1,657,549**		3,050,016
Other		**16,259**		(63,744)
Large corporations tax		**15,415**		17,640
Income tax (recovery) expense	$	**(32,473)**	$	751,306

c) During the year ended December 31, 2005 the Fund recognized a portion of the non-capital losses incurred in Canada in previous years based on its latest estimates of taxable income. Concurrently, the Fund determined not to recognize any of the non-capital losses previously recognized in the U.S. As a result, at December 31, 2005, the Fund has incurred non-capital losses in Canada of $12,610,000 (2004 - $9,774,000) and has recorded future tax benefits of these losses in the amount of $3,526,000 (2004 - $1,773,000). The Fund has incurred net operating losses in the U.S. of $11,042,000 (2004 - $9,662,000) and has recorded future tax benefits in the amount of $nil (2004 - $1,858,000). The Fund has not recognized the benefit of all of its income tax carry forward amounts. The amount of tax losses not recognized in Canada are $2,575,000 (2004 - $4,921,000) and in the U.S. are $11,042,000 (2004 - $3,310,000). Interest deductibility laws in the U.S. internal revenue code could accelerate the expiry of certain losses incurred in 2004 and 2005. Instead of the normal 20 year carryforward, approximately $500,000 of the losses in 2004 may expire in 2007 and approximately $1,600,000 of the losses in 2005 may expire in 2008.

The losses expire as follows:

2006	$ 609,000
2007	48,000
2008	1,285,000
2009	135,000
2010	2,884,000
2011	5,385,000
2015	2,264,000
2016	36,000
2018	43,000
2019	555,000
2020	215,000
2021	196,000
2022	74,000
2023	2,736,000
2024	4,765,000
2025	2,422,000

24. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2005	2004
Accounts receivable	**$ (6,456,556)**	$ (2,160,857)
Inventory	**(320,605)**	(890,042)
Prepaid expenses	**484,185**	(265,332)
Accounts payable and accrued liabilities	**6,661,120**	5,723,322
Income taxes recoverable	**50,315**	(174,934)
Income taxes payable	**(322,990)**	-
	$ 95,469	$ 2,232,157

25. LEASE COMMITMENTS

The Fund has various operating lease commitments, primarily in respect of leased premises. The aggregate amount of future minimum lease payments is $70,532,342. The minimum amounts payable over the next five years are as follows:

2006	$ 10,467,839
2007	9,245,649
2008	8,023,127
2009	5,962,715
2010	4,852,995

26. CONTINGENCIES

a) The Fund has three Canadian denominated letters of credit totalling $70,000 (2004 - $70,000). In addition, the Fund has two U.S. denominated letters of credit totalling $250,000 U.S. (2004 - $150,000 U.S.).

b) Certain acquisitions include provisions for contingent purchase price amounts to be paid if certain financial performance is achieved. A portion of the contingent purchase price may be paid by the issue of additional units. The quantifiable contingent purchase price amounts, which may be required to be paid in respect of these and prior year acquisitions is $ nil (2004 - $nil). Additional contingent purchase price amounts, which are not quantifiable at this time, may also be required to be paid and once known, would be recorded to goodwill.

27. GUARANTEES

The Fund has guaranteed the unit price on units held in escrow on certain acquisitions. If, at the time of release from escrow, the market value of the units differs from the guaranteed price, the Fund is obligated either to issue more units, in the case where the guaranteed price is higher than the market value, or claw back units, in the case where the guaranteed price is lower than the market value. Based on the December 31, 2005 market value of the units, the Fund would be obligated to issue 189,927 additional units for no consideration. As an alternative to issuing additional units, the Fund, at its option, may settle the guarantee on a cash basis.

28. SEGMENTED REPORTING

The Company has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, Canadian generally accepted accounting principles requires the Company to provide geographical disclosure of segments. For the years reported, all of the Company's revenues were derived within Canada or the United States of America. All property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

	Revenues		Property, Plant, Equipment Intangible Assets and Goodwill	
	2005	2004	**2005**	2004
Canada	**$ 60,924,837**	$ 56,499,644	**$ 15,773,729**	$ 15,625,778
United States	**126,814,935**	110,413,547	**57,550,374**	60,023,772
Total	**$ 187,739,772**	$ 166,913,191	**$ 73,324,103**	$ 75,649,550

The Company's revenues are largely derived from the insurers of its customers, who are generally automobile owners. In three Canadian provinces where the Company operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to the Company's customers. Sales generated in these three markets represent approximately 20% of the Company's total sales. Although the Company's services in these markets are predominately paid for by these government-owned insurance companies, the Company's customers (automobile owners) have freedom of choice of repair provider. In markets where non-government owned insurance companies are predominant, formal relationships with insurance companies such as Direct Repair Programs ("DRPs"), either at the local or national level, play an important role in generating sales volumes for the Company. Although automobile owners still have the freedom of choice of repair provider, that choice can be influenced by the insurance companies with DRPs. Of the top five non-government owned insurance companies that the Company deals with, which in aggregate account for approximately 37% of total sales, one insurance company represents approximately 17% of the Company's total sales.

29. DEFINED CONTRIBUTION PENSION PLANS

The Fund has one defined contribution pension plan for certain employees located in the United States. The Fund matches employee contributions at rates up to 6.0% of the employees' salary. The expense and payments for the year were $221,712 (2004 - $147,549).

30. EARNINGS PER UNIT AND CLASS A COMMON SHARE FROM CONTINUING OPERATIONS

	2005	2004
a) Earnings:		
Net earnings from continuing operations	$ **1,206,058**	$ 2,802,714
Deduct:		
Losses allocated to non-controlling interest available for retraction	**-**	(507,402)
Add:		
Net after tax interest on Series I convertible debentures	**-**	6,586
Net earnings from continuing operations – diluted basis	$ **1,206,058**	$ 2,301,898
b) Number of units and Class A common shares:		
Average number of units and Class A common shares outstanding [2004 – units outstanding only as Class A common shares were treated as non-controlling interest]	**9,614,116**	6,984,799
Add:		
Potential retraction of non-controlling interest	**-**	396,542
Potential conversion of Series I convertible debentures	**-**	27,200
Potential exercise of warrants	**189,927**	14,648
Average number of units outstanding – diluted basis	**9,804,043**	7,423,189
Earnings per unit and Class A common shares from continuing operations (a) divided by (b)		
Basic	$ **0.125**	$ 0.401
Diluted	$ **0.123**	$ 0.310

31. FINANCIAL INSTRUMENTS

Fair value

For the Fund's current financial assets and liabilities, which are subject to normal trade terms, the historical cost carrying values approximate the fair values.

As there is no ready secondary market for the Fund's long-term debt or its obligations under capital leases, the fair value of these items has been estimated using the discounted cash flow method. The fair value of these items using the discounted cash flow method is approximately equal to their carrying value.

Credit risk

The Fund's revenues are largely received from the insurers of its customers. Accordingly, the Fund's accounts receivable are comprised mostly of amounts due from national and international insurance companies or provincial crown corporations.

Financial risk

The financial risk to the Fund's earnings arises from fluctuations in interest rates and foreign exchange rates, and the degree of volatility of those rates. The Fund utilizes forward foreign exchange contracts and interest rate swap agreements to manage fluctuations in certain foreign exchange and interest rates. The forward contracts are considered a hedge of a specifically identifiable cash flow for intercompany U.S. Dollar receivables with payments and receipts recognized as adjustments to interest expense. The swap agreements are considered a hedge of a specifically identified debt instrument with payments and receipts under the agreements being recognized as adjustments to interest expense. The contracts call for the exchange of variable interest rate payments for fixed interest rate payments on a notional amount of debt. In the normal course of managing exposure to fluctuations in foreign exchange rates, interest rates, and to market risks, the Fund is an end user of various derivative financial instruments that are not reported on the balance sheet. All contracts are over-the-counter traded and are with counter parties that are highly rated financial institutions.

The following table provides the use, notional amount and estimated fair market value adjustment of the Fund's derivative portfolio being the off balance sheet amounts at December 31, 2005:

Contracts held for cash flow management:

	Notional Amount	Remaining Term	Fixed Rates	**2005** Unrealized (Gain)/loss	2004 Unrealized (Gain)/loss
The Fund selling U.S. Dollars - Forward foreign exchange contracts	$ 3,000,000	Jan/06 – Dec/08	$1.2223 - $1.2255	**$ (203,062)**	$ (93,893)
LIBOR interest rate contracts - U.S. dollar swaps	$ 10,500,000	n/a	1.58%	**$ -**	$ (25,417)
	$ 9,400,000	Jan/06 – Jan/09	4.00%	**$ (160,810)**	$ 99,644

No contracts are held for other purposes.

32. SUBSEQUENT EVENTS

On January 11, 2006, subject to ratification by the Board of Trustees and approval by the unitholders at the next annual meeting, the Fund granted options to certain key employees allowing them to purchase up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on September 23, 2015. The options would permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being $1.91 per unit.

On February 1, 2006, the Fund sold the business assets of Western Auto Glass, located in Calgary, Alberta.

On February 14, 2006 the Company closed new arrangements with trading partners that include a long term exclusive agreement to purchase paint products and a new US $13 million credit facility with a U.S. bank. These arrangements in combination provided the Company with funding to satisfy all pre-existing trading partner obligations and repay $1,800,000 U.S. of its term debt. As a result, the Company also broke $1,800,000 U.S. of its interest rate swap at no cost. Concurrent with these new arrangements the Company's senior lender increased the Company's operating line from $10 million to $12 million.

On February 14, 2006, the Company prepaid $847,330 U.S. of its equipment capital lease obligations. In so doing, the Company was required to pay $64,916 U.S. in penalties and $68,667 U.S. in sales tax.

33. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation of the current year.

BOARD OF TRUSTEES

The Boyd Group Income Fund Board of Trustees consists of six members – two of who are officers of the Fund and four of who are independent Trustees. The Boyd Group Board of Trustees has established three standing committees: The Corporate Governance and Nomination Committee, The Audit Committee, and the Executive Compensation Committee.

The Corporate Governance and Nomination Committee is chaired by Wally Comrie and includes all of the independent Trustees. The Audit Committee is chaired by Allan Davis and includes Wally Comrie and Gene Dunn. The Executive Compensation Committee is chaired by Gene Dunn and includes Robert Chipman and Terry Smith.

Terry Smith, Chief Executive Officer of the Fund, founded Boyd in 1990 and, through his entrepreneurial skills, marketing philosophies, and management expertise, is widely credited as the architect of Boyd's growth and development.

Brock Bulbuck, C.A., is Boyd's President and Chief Operating Officer. Since joining the Company in 1993, he has played a leading role, along with Mr. Smith, in the development and growth of the business. He is responsible for the management of the Company's operations and he works closely with the CEO in the development and execution of Boyd's growth strategies.

Walter Comrie is Sales Manager for CTV Television Winnipeg. Under the Fund's predecessor limited partnership structure, Mr. Comrie served as Chairman of the Advisory Committee. In addition to serving on the Board of Trustees of the Fund, he is Past President of the Broadcasters Association of Manitoba and a past member of the Board of Directors of Habitat for Humanity.

Robert Chipman is Chairman and Director of The Megill-Stephenson Company Ltd. and Nation Leasing Group Inc. Mr. Chipman is a past director of the Royal Bank of Canada, Manitoba Telecom Services Inc., Buhler Industries Ltd., and Rice Capital Management Plus Inc.

Gene Dunn is President and CEO of Monarch Industries Ltd. of Winnipeg, a leading Canadian manufacturing company. In addition to serving on the Boyd Board of Trustees, he is also a member of the Board of ENSIS Growth Fund, past Chairman of the Board of Governors for Balmoral Hall School for Girls, and Chairman of the Winnipeg Blue Bombers Football Club.

Allan Davis, C.A., is President of AFD Investments Inc., a Winnipeg-based management consulting practice. Mr. Davis is a past member of the Board of Governors for the YM-YWCA of Winnipeg and a past director of Youth Business Learning and Development Centre Inc.

CORPORATE DIRECTORY

COMPANY OFFICERS & SUBSIDIARY COMPANY OFFICERS

Terry Smith
Chief Executive Officer

Brock Bulbuck
President & Chief Operating Officer

Dan Dott
Vice President &
Chief Financial Officer

Eddie Cheskis *
Chief Executive Officer
Gerber Collision & Glass

Tim O'Day *
President & Chief Operating Officer
Gerber Collision & Glass

Kevin Comrie
Vice President,
Marketing & Sales

Bob Michalyshyn
Vice President,
Quality Systems

Derek Chatterley
Regional Vice President,
British Columbia Operations

Pat Chassie
Regional Vice President,
Alberta Operations

Eric Danberg
Regional Vice President,
Manitoba/Saskatchewan Operations

Rusty Schmidt
Vice President,
U.S. Glass Operations

Gary Bunce
Senior Vice President,
Marketing & Sales
Gerber Collision & Glass

* *Officers of subsidiary companies*

CORPORATE OFFICE

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R3K 0Z8

Telephone: (204) 895-1244
Fax: (204) 895-1283
Website: www.boydgroup.com

MANITOBA LOCATIONS

Eric Danberg, *Regional Vice President, Manitoba & Saskatchewan Operations*
Susan Lamirande, *General Administration Manager*

Boyd Autobody & Glass Locations

614 Dudley Avenue Winnipeg, Manitoba R3M 1R7	20 Lakewood Boulevard Winnipeg, Manitoba R2J 2M6	8 – 2140 McPhillips Street Winnipeg, Manitoba R2K 2M3	3570 Portage Avenue Winnipeg, Manitoba R3K 0Z8
120 King Edward Street East * Winnipeg, Manitoba R3H 0N8	15 Marion Street Winnipeg, Manitoba R2H 0S8	951 Henderson Highway Winnipeg, Manitoba R2W 3A1	2405 Pembina Highway Winnipeg, Manitoba R3T 2H4
730 Nairn Avenue Winnipeg, Manitoba R2L 0X7	1520 Saskatchewan Ave East Portage la Prairie, Manitoba R1N 3B5	139 Main Street Selkirk, Manitoba R1A 1R2	702 – 1st Street Brandon, Manitoba R7A 2X4

* *Regional Office*

SASKATCHEWAN LOCATIONS

Eric Danberg, *Regional Vice President, Manitoba & Saskatchewan Operations*
Susan Lamirande, *General Administration Manager*

Boyd Autobody & Glass Locations

225 – 103rd Street East *
Saskatoon, Saskatchewan
S7N 1Y8

710 Circle Drive East
Saskatoon, Saskatchewan
S7K 0V1

2491 – 98th Street
North Battleford, Saskatchewan
S9A 3W1

* *Regional Office*

ALBERTA LOCATIONS

Pat Chassie, *Regional Vice President, Alberta Operations*
Bill Johnson, *General Manager, Alberta Operations*

Service Collision Repair Centres

4903 – 76th Avenue
Edmonton, Alberta
T6B 2S7

14735 – 119th Avenue
Edmonton, Alberta
T5L 2N9

17511 – 103rd Avenue
Edmonton, Alberta
T5S 1J4

35 Riel Drive
St. Albert, Alberta
T8N 5C6

113 Cree Road
Sherwood Park, Alberta
T8A 3X9

3520 – 32nd Street NE
Calgary, Alberta
T1Y 6G7

1808 – 16th Avenue NE *
Calgary, Alberta
T2E 1L2

4303 – 1st Street SE
Calgary, Alberta
T2G 2L2

#1 – 11450 – 29th Street SE
Calgary, Alberta
T2Z 3V5

7668 – 49 Avenue
Red Deer, Alberta
T4P 1M4

4609 – 49 Avenue
Olds, Alberta
T5H 1C9

* *Regional Office*

BRITISH COLUMBIA LOCATIONS

Derek Chatterley, *Regional Vice President, British Columbia Operations*
Paul McFarlane, *General Manager, British Columbia Operations*

Boyd Autobody & Glass Locations / Anvil Glass Locations

5726 Landmark Way *
Surrey, British Columbia
V3S 7H1

22715 Dewdney Trunk Road
Maple Ridge, British Columbia
V2X 3K3

1321 – 3rd Avenue
New Westminster, British Columbia
V3M 1R3

Anvil Glass
2648 Kingsway Avenue
Port Coquitlam, British Columbia
V3C 1T5

9666 King George Highway
Surrey, British Columbia
V3T 2V4

371 West 2nd Avenue
Vancouver, British Columbia
V5Y 1C9

2663 Sooke Road
Victoria, British Columbia
V9B 1Y3

Anvil Glass
2168 Yukon Street
Vancouver, British Columbia
V5Y 1C9

1111 West 73rd Avenue
Vancouver, British Columbia
V6P 3E6

540 John Street
Victoria, British Columbia
V8T 1T6

30860 Peardonville Road
Abbotsford, British Columbia
V2T 6J9

* *Regional Office*

WASHINGTON LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Bud Center, *District Manager*

Gerber Collision & Glass Locations

13640 N.E. 16th Street
Bellevue, Washington
98005

9125 Willows Road
Redmond, Washington
98052

107 – 2600 Randall Way N.W.
Silverdale, Washington
98383

3701 – 20th Street East
Fife, Washington
98424

365 Rainier Avenue South
Renton, Washington
98055

8916 South Tacoma Way
Tacoma, Washington
98499

21101 Highway 99 South, Suite A
Lynnwood, Washington
98036

2114 Westlake Avenue
Seattle, Washington
98121

14201 – N.E. 190th Street *
Woodinville, Washington
98072

14207 NE 190th Street
Woodinville, Washington
98072

* *Regional Office*

OKLAHOMA LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Kevin Burnett, *District Manager*

Gerber Collision & Glass Locations

701 West Freeport Street
Broken Arrow, Oklahoma
74012

407 West 5th Street *
Claremore, Oklahoma
74017

* *Regional Office*

ARIZONA & NEVADA LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Bud Center, *District Manager*

Gerber Collision & Glass Locations

Auto Magic Paint & Body Center
5415 South Decatur Boulevard
Las Vegas, Nevada
89118

Pro-Tech Autobody
15 – 2550 South Rainbow Blvd
Las Vegas, Nevada
89146-5175

Main Street Collision Center
2700 East Main Street
Mesa, Arizona
85213

Pro-Tech Autobody
645/649 Middlegate Road
Henderson, Nevada
89015-2609

Kingswood Collision Center
1015 West Broadway
Mesa, Arizona
85210

Kingswood Collision Center
Suite B, 8150 East Raintree Drive
Scottsdale, Arizona
85260

ILLINOIS LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Kevin Burnett, *District Manager*
Jim Maliszewski, *District Manager*

Gerber Auto Collision & Glass Locations

19 South Route 59 Aurora, Illinois 60504	2360 Ogden Avenue Downers Grove, Illinois 60515	900 East Ogden Avenue Naperville, Illinois 60563	840 Remington Schaumburg, Illinois 60173
20445 North Milwaukee Avenue Buffalo Grove, Illinois 60089	500 West Lake Street Elmhurst, Illinois 60126	4718 Southwest Highway Oak Lawn, Illinois 60453	275 Sundown Road South Elgin, Illinois 60177
3425 North Halsted Street Chicago, Illinois 60657	7902 Forest Hills Road Loves Park, Illinois 61111	601 Roselle Road Roselle, Illinois 60172	8250 North Skokie Blvd * Skokie, Illinois 60077
5948 North Northwest Hwy Chicago, Illinois 60631	3006 Route 120 McHenry, Illinois 60050	830 West Belvidere Road Round Lake, Illinois 60073	1533 – 162nd Street South Holland, Illinois 60473
6200 Berkshire Drive Crystal Lake, Illinois 60014	3145 North Cicero Ave Chicago, Illinois 60641	801 North State Elgin, Illinois 60123	6801 Mill Road Rockford, Illinois 61108
272 East 147th Street Harvey, Illinois 60426	20 North Street Park Forest, Illinois 60466	7041 West 153rd Street Orland Park, Illinois 60473	1060 West Huron Chicago, Illinois 60672

* *Regional Office*

GEORGIA LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Tom Csekme, *District Manager*

Gerber Collision & Glass Locations

11200 Alpharetta Highway Roswell, Georgia 30076	1746 Cobb Parkway South Marietta, Georgia 30060	649 West Market Circle Lithia Springs, Georgia 30122
1830 Mount Zion Highway Morrow, Georgia 30260	3030 Satellite Boulevard * Duluth, Georgia 30096	
2395 Cobb Parkway Kennesaw, Georgia 30152	725 Dekalb Industrial Way Decatur, Georgia 30033	

* *Regional Office*

FRANCHISE LOCATIONS

Boyd Autobody & Glass
5608 Imperial Street
Burnaby, British Columbia
V5J 1E9

Boyd Autobody & Glass
17511 – 56A Avenue
Surrey, British Columbia
V3S 1G2

Boyd Autobody & Glass
1099 Lansdowne Drive
Coquitlam, British Columbia
V3B 4T7

Boyd Autobody & Glass
1960 Dayton Street
Kelowna, British Columbia
V1Y 7W6

Boyd Autobody & Glass
275 Highway 33 East
Kelowna, British Columbia
V1X 2A4

Boyd Autobody & Glass
2635 Kingsway Avenue
Port Coquitlam, British Columbia
V3C 1T5

Boyd Autobody & Glass
1480 Western Road
Kelowna, British Columbia
V1Z 3Y1

UNITHOLDER INFORMATION

BOYD GROUP INCOME FUND UNITS AND EXCHANGE LISTING

Units of the Fund are listed on the Toronto Stock Exchange under the symbol BYD.UN

Registrar and Transfer Agents

CIBC Mellon Trust Company
600 The Dome Tower
333 – 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1

CIBC Mellon Trust Company
199 Bay Street
Commerce Court West, Security Level
Toronto, Ontario
M5L 1G9

Distribution Agents

Valiant Trust Company
310 – 606 – 4th Street S.W.
Calgary, Alberta
T2P 1T1

Auditors

Deloitte & Touche LLP
2200 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z3

Legal Counsel

Thompson Dorfman Sweatman
2200 – 201 Portage Avenue
Winnipeg, Manitoba
R3B 3L3

Transfer and Distribution Agents

Deutsche Bank North America
60 Wall Street, 27th Floor
New York, New York
10005-2858

Senior Banker

TD Bank Financial Group
4th Floor, 201 Portage Avenue
Winnipeg, Manitoba
R3C 2T2

Annual General Meeting

Wednesday, May 17, 2006
Holiday Inn Airport West
2520 Portage Avenue
Winnipeg, Manitoba
R3J 3T6
5:00 p.m. (CDT)